

G275
.B8
1982/83
summ.
c.3

0 2007 1089504 2
California State Library



Legislative, Judicial
and Executive



State and
Consumer Services



Business,
Transportation
and Housing



Resources



Health and Welfare



Youth and Adult
Correction



Education



General
Government



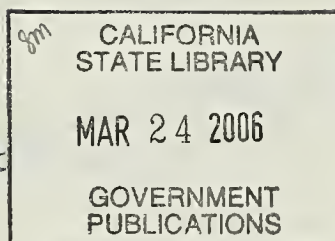
Governor's Budget Summary

1982-83

Edmund G. Brown Jr., Governor,
State of California



Digitized by the Internet Archive
in 2012 with funding from
California State Library Califa/LSTA Grant



CALIFORNIA
STATE LIBRARY

MAR 24 2006

GOVERNMENT
PUBLICATIONS

STATE OF CALIFORNIA

GOVERNOR'S BUDGET SUMMARY

FOR 1982-83

Submitted by
EDMUND G. BROWN JR.
Governor

to the
CALIFORNIA LEGISLATURE
1981-82 Regular Session
(1982 Portion)





State of California

GOVERNOR'S OFFICE
SACRAMENTO 95814

EDMUND G. BROWN JR.
GOVERNOR

January 10, 1982

Budget Message

To the Members of the Legislature of California:

This is a responsible and fair budget for an unprecedented period in our state's history in which taxes and government spending have ceased to grow.

State spending in this budget, adjusted for inflation, is lower than it was four years ago. State taxes in relation to personal income are lower than they were six years ago, declining from \$7.96 to \$7.80 per \$100 of personal income.

Altogether since 1975-76 state and local tax cuts have totalled \$55.6 billion. This year alone tax cuts amount to \$12 billion.

The recession has reduced state revenues this year sharply. In 1982-83, estimated revenue under existing law falls more than \$2 billion short of funding a full budget—the amount required to continue government at today's level.

To balance the budget I have made \$1.4 billion in cuts. I am also proposing to accelerate tax collections to provide one-time revenues to meet the one-time shortfall caused by the recession. Unless the economy weakens further or initiatives on the June ballot eliminating the inheritance tax and requiring full indexing of the income tax pass, tax increases or further program reductions are not required.

But even as government is reduced overall, some parts must grow and change to keep up with growth and change in the state and meet our responsibilities for education, law enforcement, environmental protection, income assistance, health, transportation and other important state services. Therefore, in this budget I am proposing:

- Significant increases in state aid to local schools to meet our commitment to future generations.
- Funding to increase math and science education so our young people are prepared to lead California's information-based, computer-driven economy.
- A new, joint industry and state project to train engineers at our universities.
- More support for job-based training through the community colleges and the California Worksite Education and Training Act to prepare workers for the technical jobs business cannot fill today.
- Cost-of-living increases that will allow the elderly, blind, and disabled and families with dependent children to live in dignity.
- Continued full funding for the California Conservation Corps.
- Continuation of California's commitment to protecting our citizens against hazards from toxic substances and protecting their right to know of the toxic dangers they face.
- Continued support for energy, innovation and efficiency and projects to protect natural systems.
- Stepped up enforcement of wage and hour laws and other laws requiring a safe workplace.
- Reforms in state pension policies.
- New safeguards in the system for reimbursing local governments for state-mandated programs.

I have proposed a lean budget but one that is sensitive to the needs of all Californians. I look forward to discussing these proposals with you and working with you in the months ahead.

Edmund G. Brown Jr.
Governor

TABLE OF CONTENTS

	<i>Page</i>
Governor's Budget Message	I
The Governor's Budget Introduction	V
Schedule 1. General Budget Summary	A-1
Schedule 1-A. General Fund Available for Appropriation	A-2
Schedule 1-B. General Fund—Statement of Financial Condition	A-3
Schedule 1-C. Total State Spending Plan	A-4
Schedule 1-D. Comparison of California Current Fund Structure and Recommended Fund Structure	A-7
Revenue Dollars, Chart 1.....	A-8
Expenditure Dollars, Chart 2	A-9
Table 1. Personnel Years and Salary Cost Estimates.....	A-10
Table 1A. Positions and Salary Cost Estimates	A-11
Table 2. Summary of State Population, Employees, and Expenditures	A-12
OVERVIEW	A-15
FUTURE OUTLOOK	A-18
GROWTH OF GOVERNMENT	A-22
TAX REDUCTIONS	A-24
PROGRAM HIGHLIGHTS	A-27
Reforms.....	A-27
Two-Tier Retirement System	A-27
Mandates	A-27
Public Utilities Commission.....	A-28
Industrial Relations	A-29
Toxic Substances and Hazardous Wastes	A-30
Agricultural Pest Control.....	A-35
Energy and Resources Investments	A-36
State Construction Program	A-39
Tidelands Revenue	A-39
Correctional Facilities.....	A-40
State Prisons	A-40
Local Jails	A-40
Bonds-Off Budget Financing.....	A-42
LOCAL GOVERNMENT FISCAL RELIEF.....	A-43
PROGRAM REDUCTIONS.....	A-47
Medi-Cal	A-47
Education	A-50
State Operations	A-53
Federal Budget Reductions.....	A-53
Federal Block Grants	A-55

TABLE OF CONTENTS—*Continued*

	<i>Page</i>
COST-OF-LIVING ADJUSTMENTS	A-57
TRADITIONAL PRESENTATIONS	A-51
Legislative/Judicial/Executive	A-61
State and Consumer Services	A-64
Business, Transportation and Housing	A-66
Resources	A-70
Health and Welfare	A-74
Youth and Adult Correctional	A-88
Education	A-91
General Government	A-99
State-Mandated Local Programs	A-105
State Construction Program	A-107
Tax Expenditures	A-111
Revenue Estimates	A-115
Classification of Funds in the State Treasury	B-1
Schedule 2. Comparative Statement of Revenues	B-2
Schedule 3. Comparative Statement of Expenditures.....	B-4
Schedule 4. Summary of Fund Condition by Funds	B-16
Schedule 5. Statement of Cash and Securities of All Funds in the Treasury	B-22
Schedule 6. Comparative Statement of Expenditure by the Budget Act Expenditures Required by the Constitution or Other Statutes	B-26
Schedule 7. Statement of Bonded Debt	B-32
Glossary.....	B-35

The Governor's Budget

INTRODUCTION

The *Governor's Budget* is divided into three sections. The first is traditionally called the "A" pages and consists of summary tables and brief narrative discussing the major budgetary elements, changes, and accomplishments. Included in the "A" pages is the Governor's Message, the General Budget Summary which shows the total funds available for the past year, current year and proposed budget year, and the traditional revenue and expenditure piecharts for the proposed budget.

Special note should be taken of the green colored section of the A pages. This section includes special presentations that highlight such areas as overview and future outlook of the State's fiscal situation, program reductions, local government fiscal relief, tax reductions and cost-of-living adjustments.

The second, and largest section, is the individual budget presentations for each department. The presentations are arranged within eight major groupings, i.e.; Legislative, Judicial and Executive; State and Consumer Services; Business, Transportation and Housing; Resources; Health and Welfare; Youth and Adult Correctional; Education and General Government. Each budget presentation provides past year, current year, and proposed budget year information, in a program budget format with a summary by object of expenditure and highlights of significant changes or accomplishments.

The third section, called the "B" pages, provides additional fiscal information in summary schedules, e.g., comparison of revenues and expenditures for the past year, current year, and the proposed budget year. The "A" and "B" pages together are published separately as the *Governor's Budget Summary*. In addition, the *Salaries and Wages Supplement* is published as a separate document. This document presents the detailed data on approved staffing for State agencies.

THE BUDGET PROCESS

The Governor's Budget is the result of a process which begins in the spring, more than one year before the budget is to be effective. The process is started when budget preparation instructions are issued by the Department of Finance to all departments. These instructions describe the Administration's guidelines related to continuing the current level of service (baseline budget) and proposed budget changes. They are to be used by departments in preparing their budgets for submission to the Department of Finance in September and October.

In addition, the Department of Finance may initiate budget change proposals relative to a particular program or operational unit of a department. These proposals are based on special program and cost evaluations prepared by Department of Finance staff and may require a department to justify continuing a particular activity or level of service.

During the fall, each department's baseline budget is reviewed and budget change proposals are thoroughly analyzed by the Department of Finance. Conferences are held with departmental and agency representatives, the Director of Finance and the Department of Finance program budget manager to decide whether a particular budget request is within the established budget guidelines. Issues outside of the established priorities are referred to the Governor's Office. When all the decisions are made, a particular budget is "closed" and it is scheduled for final printing by the State Printing Plant.

With the submission of the Governor's Budget, which is required by January 10 of each year, the chairman of the Senate Finance and Assembly Ways and Means Committees each introduce a Budget Bill which contains appropriations to finance the program levels proposed in the Governor's Budget. Throughout the spring, and with the assistance of Committee Consultants and the Legislative Analyst, who prepares a detailed analysis of the Governor's

Budget, the fiscal committees of each House of the Legislature hold hearings to determine if changes should be made to proposals included in the Governor's Budget. At these hearings, representatives from the department whose budget is being heard, the Department of Finance, the Legislative Analyst, and the public may be called upon to provide official testimony.

Changes desired by the Administration concerning events occurring after the Governor's Budget is submitted are included in "Finance Letters" addressed to and considered by the fiscal committees.

In mid-May, the Department of Finance updates its estimates of current year and budget year revenues, expenditures (including any final Administration expenditure proposals) and reserves. This provides the Legislature with the most current estimate of resources that will be available for expenditure.

At the completion of all the hearings, each House passes its Budget Bill. A Conference Committee of six legislators is chosen to resolve differences in the two Bills and to incorporate a "Conference Committee Version" into one of the Bills. This Bill is then sent to the floor of each House and, if passed by a vote of two-thirds of the members, is enrolled and sent to the Governor. If it is not passed, a new Conference Committee is formed and the conference process is repeated.

Upon receipt of the Budget Bill, the Governor meets with his advisors to exercise his veto discretion, which permits reducing or eliminating the entire amount of a particular item of expenditure. The Governor then signs the Budget Bill and it becomes the Budget Act. The Legislature may then consider overriding any vetoes the Governor has made and may do so by a two-thirds vote of each House.

At this point, *most* of the operating budget of the State has been determined. However, it is not until early November that the total budget authorizations are actually known. By then, the Department of Finance has analyzed the cost impact of all other legislation which authorized additional expenditures or changed revenues for a fiscal year.

CHANGES IN THE GOVERNOR'S BUDGET AND BUDGET BILL

Assembly Bill 3322, Chapter 1284, Statutes of 1978, mandated several changes in the Governor's Budget. It emphasized the requirement that the Governor's Budget be a complete plan of expenditures for the State, and in addition, added the following new requirements:

1. The Governor's Budget must be submitted as a program budget, with programs reflecting each agency's activities, displayed in a similar manner and at a similar level of detail each year;
2. Program budgets must reflect funding from all funding sources;
3. The Governor's Budget must have a coding structure so that similar or identical activities being performed by the same or different entities may be identified and compared;

The first two requirements will be phased into the Governor's Budget over a period of time, coinciding with each agency acquiring automated program cost accounting capabilities and providing fiscal information to the California Fiscal Information System (CFIS).

The Governor's Budget includes the third requirement for a coding structure. This common coding is also being used in the Budget Bill, and in CFIS for selected information (see the Department of Finance Budget 8860, program 30.10 for specific details). The classification of like information and the use of common coding will enable comparisons of activities and expenditures across departmental lines. Coding is included in this budget for each department/budget activity, program activity, character of expenditure (State operations, local assistance and capital outlay), selected line-item object totals (e.g., Personal Services), revenue and other receipts, funds, and Budget Act appropriations.

The Budget Bill has been modified in a similar fashion, to reflect, as closely as possible, the Governor's Budget. The appropriations of those departments with automated program cost accounting capabilities are scheduled by program in lieu of categories, and common coding is used to identify appropriation items and program/category appropriation limitations.

This year, a glossary of budgetary terminology used frequently throughout the Governor's Budget and the Budget Bill is included in the "B" pages at the end of the budget.

THE BUDGET DOCUMENTS

Listed below are the key documents used in the budget process and a brief description of their purpose, originator and approximate release date.

<i>Title</i>	<i>Purpose</i>	<i>Prepared/Issued</i>	<i>When</i>
Budget Letters and Management Memos	Define current Administration guidelines for budget preparation	Governor/Department of Finance	April through December
Budget Change Proposals	Proposes and documents budget changes to maintain the existing level of service or to change the level of service	Agencies and departments submit to Department of Finance for analysis	July through September
Governor's Budget	Governor's proposed budget for the upcoming fiscal year	Governor/Department of Finance	January 10
Budget Bill	Requests spending authorization to carry out Governor's expenditure plan (Legislative budget decision document)	Department of Finance/ Legislature	January 10
Governor's Budget Summary	A summary of the Governor's Budget	Governor/Department of Finance	Late January
Budget Analysis	Analysis of the budget, including recommendations for changes to the Governor's Budget	Legislative Analyst	February
May Revision of General Fund Revenues and Expenditures	Update of General Fund revenues, expenditures and surplus estimates based on the latest economic forecast	Department of Finance	Mid-May
Budget Act	The primary annual expenditure authorization as approved by the Governor and Legislature, including a listing of Governor's vetoes	Legislature/Governor	Late June
Supplemental Report of the Committee of Conference on the Budget Bill	Contains language on statements of intent and requests for information or studies	Legislative Analyst	Early July
Final Budget Summary	Published, if needed, update of the individual Budget Act items with changes by the Governor's vetoes, including summary budget schedules	Department of Finance	Mid-July
Final Change Book	Update of the changes to the detailed fiscal information in Governor's Budget, in accordance with the Budget Act	Department of Finance	Late July
Summary of Revised Revenues and Authorized Expenditures	Update of revenue and expenditure estimates, including financial legislation	Department of Finance	Early November

KEY SCHEDULES AND TABLES

The Governor's Budget provides detailed information for the individual departmental or budget entity presentations included in eight functional breakdowns: (1) Legislative/Judicial/Executive, (2) State and Consumer Services, (3) Business, Transportation and Housing, (4) Resources, (5) Health and Welfare, (6) Youth and Adult Correctional, (7) Education, and (8) General Government.

In addition to this detailed information, the Budget includes summary information in various tables and schedules. The following schedules and tables are those which may be the most useful for the public, private sector, or other levels of government.

SCHEDULE 1. General Budget Summary—Provides for a fund condition statement for the General Fund and the total of the Special funds plus expenditure totals for the Selected Bond funds.

SCHEDULE 1-C. Total State Spending Plan—Provides in a single schedule the State's total spending plan. In addition to the General Fund, Special funds, and Selected Bond funds, expenditures from Nongovernmental Cost funds and Federal funds are shown.

TABLES 1. and 1A. Personnel Years and Positions and Salary Cost Estimates—Provides position and personnel year data and corresponding dollar amounts by functional breakdown and position classifications. Table 1 provides net data (after salary savings) and Table 1A provides gross data.

SCHEDULE 2. Comparative Statement of

Revenues: Fiscal years 1980-81, 1981-82, and 1982-83—Provides General Fund and Special fund revenue detailed amounts within three main breakdowns of: (1) major taxes and licenses, (2) other revenues, and (3) other income-transfers.

SCHEDULE 3. Comparative Statement of Expenditures by Character, Function, Organization Unit and Fund; Fiscal Years 1980-81, 1981-82, and 1982-83—Provides a listing of expenditures in the order of printing of individual budgets from the General Fund, Special funds, Selected Bond funds and Federal funds for state operations, local assistance and capital outlay.

SCHEDULE 4. Summary of Fund Condition by Funds as of June 30, 1980, 1981, 1982, and 1983—Provides for the General Fund and each Special fund the beginning reserve, income, expenditures, transfers, and ending reserve for each of the three fiscal years displayed in the Governor's Budget.

SCHEDULE 6. Comparative Statement of Expenditures by the Budget Act and Expenditures Required by the Constitution or Other Statutes for the Fiscal Years 1980-81, 1981-82, and 1982-83—Provides a listing of expenditures authorized by constitutional or statutory appropriation authority.

SCHEDULE 7. Statement of Bonded Debt of the State of California as of December 31, 1981—Provides a listing of all general obligation bonds including interest rates, maturity dates, authorized amount of bond issues, unsold issues, redemptions, and outstanding issues.

Schedule 1
GENERAL BUDGET SUMMARY ^a
(In thousands)

<i>1980-81</i>	<i>Reference to Schedule</i>	<i>General Fund</i>	<i>Special Fund</i>	<i>Budget Expenditure Totals</i>	<i>Selected Bond Fund Expenditures</i>	<i>Expenditure Totals Including Bond Funds</i>
Prior year resources available	4	\$2,762,790	\$1,343,679			
Revenue and transfers.....	2	19,023,059	3,080,729			
Expenditures	3	21,104,852	3,261,622	\$24,366,474	\$144,672	\$24,511,146
Reserves:						
Unencumbered Balance of Continuing Appropriations	4	332,032	287,118			
Reserve for Economic Uncertainties.....	-	348,965	875,668			
BALANCE AVAILABLE.....	-	-	-			
<i>Federal Revenue Sharing Fund^b</i>	-	178,670				
<i>1981-82</i>						
Prior year resources available	4	\$680,997	\$1,162,786			
Revenue and transfers.....	2	21,481,392	2,756,017			
Expenditures	3	22,038,842 ^c	3,425,276	\$25,464,118	\$342,147	\$25,806,265
Reserves:						
Unencumbered Balance of						
Continuing Appropriations	4	7,547	75,105			
Reserve for Economic Uncertainties.....	-	116,000	418,422			
BALANCE AVAILABLE.....	-	-	-			
<i>1982-83</i>						
Prior year resources available	4	\$123,547	\$493,527			
Revenue and transfers.....	2	23,580,344	3,390,834			
Expenditures	3	23,202,861 ^c	3,471,449	\$26,674,310	\$370,716	\$27,045,026
Reserves:						
Unencumbered Balance of Continuing Appropriations	4	293	56,737			
Reserve for Economic Uncertainties.....	-	500,000	356,175			
BALANCE AVAILABLE.....	-	\$737	-			

^a The General Budget Summary includes the revenues and expenditures of all state funds that reflect the cost of state government and selected bond fund expenditures. The transactions involving other nongovernmental cost funds are excluded.

^b These funds are in a trust fund and reserved until appropriated by the Legislature.

^c Based on historical trends, General Fund expenditures have been reduced to include Estimated Unidentifiable Savings of \$100 million in the 1981-82 fiscal year and \$178.6 million in the 1982-83 fiscal year.

Schedule 1-A
GENERAL FUND
BALANCES AVAILABLE FOR APPROPRIATION JUNE 30, 1982
Reconciliation of the Changes from the Previous Budget Estimates
(In Millions)

<i>1980-81 Fiscal Year (From past year to current year)</i>	<i>1981-82 Governor's Budget (previous estimate)</i>	<i>1982-83 Governor's Budget (revised estimate)</i>	<i>Changes to balance available</i>
Revenues and Transfers:			
Revenues.....	\$18,739,430	\$18,707,786	—\$31,644
Transfers.....	315,976	315,273	—703
Outgo:			
State Operations	4,310,783	4,280,968	29,815
Capital Outlay	58,513	53,618	4,895
Local Assistance	16,827,661	16,770,266	57,395
Totals, Expenditures	\$21,196,957	\$21,104,852	\$92,105
Prior year adjustments	—	222,116	222,116
<i>1981-82 Fiscal Year (From current year to budget year)</i>			
Revenues and Transfers:			
Revenues.....	\$20,762,937	\$20,523,421	—\$239,516
Transfers.....	256,764	957,971	701,207
Outgo:			
State Operations	4,328,208	4,592,800	—264,592
Capital Outlay	27,680	38,474	—10,794
Local Assistance	15,933,697	17,407,568	—1,473,871
Unallocated—Cost of Living	509,079	—	509,079
Totals, Expenditures, Budget	\$20,798,664	\$22,038,842	—\$1,240,178
Reserve for unencumbered balances of continuing appropriations	\$160	\$7,547	—\$7,387
Reserve for Economic Uncertainties	\$620,000	\$116,000	\$504,000
EFFECT OF REVISED ESTIMATES AS REPORTED IN THE 1980-81 GOVERNOR'S BUDGET			—
BALANCE AVAILABLE, June 30, 1982, as estimated in the 1981-82 budget			—
BALANCE AVAILABLE, June 30, 1982, as estimated in the 1982-83 budget			—

GENERAL FUND

STATEMENT OF FINANCIAL CONDITION ¹

June 30, 1981

ASSETS		General Fund Balances *
Cash:		
In State Treasury	\$628,770	
In Agency Accounts	83,284	
Total	\$712,054	
Accounts Receivable—Current:		
Abatements and reimbursements	\$412,759	
Revenues	129,960	
Due from other funds	572,199	
Due from local governments	6,147	
Due from Federal government	1,390	
Other current receivables	5,591	
Total	\$1,128,046	
Accounts Receivable—Deferred:		
Abatements and reimbursements	\$2,809	
Revenues	55,514	
Due from other funds	48,373	
Interfund building loans	11,961	
Due from local governments	2,974	
Other deferred receivables	69,763	
Total	\$191,394	
Less—Reserve for Deferred Accounts Receivable	—	\$191,394
Deferred Charges:		
Advances to counties for social welfare	\$72,982	
Advances to school districts	24,042	
Prepayments to other funds	5,667	
Other deferred charges	8,758	
Total	\$111,449	
Deposits In Condemnation Proceedings	\$600	
TOTAL OPERATING ASSETS	\$1,952,149	
LIABILITIES		
Accounts Payable:		
State Operations	\$466,766	
Local Assistance	555,476	
Capital Outlay	5,913	
Total	\$1,028,155	
Due to other funds	38,023	
Revenue and reimbursements collected in advance	145,360	
Accountability for project deposits	7,551	
Other liabilities	699	
Total Liabilities	349	
Reserve for uncollected collections	\$1,220,137	
Reserve for advances to school districts	\$26,373	
Reserve for condemnation deposits	24,042	
Total	600	
RESERVES		
Reserve for unencumbered balances of continuing appropriations	\$332,032	
Reserve for economic uncertainties	348,965	
Total reserves	\$680,997	
TOTAL LIABILITIES AND RESERVES	\$1,952,149	
GENERAL FUND BALANCES *		
Amount to be provided from future revenue and school districts for retirement of long-term obligations	\$3,524,583	
General obligation bonds	\$6,175,417	
Less: self-liquidating bonds	—3,573,877	
Net general bonded debt	\$2,601,540	
Interest payable in future years	923,043	
Net Total Long-Term Obligations	\$3,524,583	

FIXED ASSETS

State's Investment in Fixed Assets

\$3,365,000

¹ The data that appears in this statement appears in the report of the State Controller for the year ended June 30, 1981.

* Dollars in thousands.

TOTAL STATE SPENDING PLAN

Schedule 1-C is included for informational purposes to show in one place the State's total spending plan. It provides a means of comparing the total State resources used on a year-to-year basis. In addition to the General Fund, Special Funds and Selected Bond Funds, Schedule 1-C shows expenditures from nongovernmental cost funds and Federal funds. The latter two groupings have not traditionally been included as part of State summary expenditures in Governors' budgets.

A basic premise in such a consolidation as this is that the State is the financial unit and individual funds are subsidiary units to the State. This is similar to financial units in the private sector in which diversified commercial corporations with several subsidiaries report their operation on a consolidated basis—but is a contrast to traditional governmental accounting, which has held that the individual funds are the financial units and should not be consolidated with other funds or types of funds.

The consolidation in Schedule 1-C presents some theoretical and practical problems. From a theoretical standpoint, it combines all funds and gives the illusion that spending occurs in the same manner regardless of fund. This is not the case: the General Fund, Special Funds and Bond Funds are accounted for on a modified accrual basis; the Public Service Enterprise Funds, Working Capital and Revolving Funds, Retirement Funds and Trust and Agency Funds are accounted for on an accrual basis; and the Health Care Deposit Fund and General Fund appropriations to Medi-Cal are accounted for on a cash basis.

This combination also may give the illusion that total State spending is authorized and controlled through the annual budget process. This is not the case. Each fund is created for a specific purpose and its spending is dictated based on the provision of the Constitution or Statute under which it was created. In essence, each fund is a separate fiscal and legal entity that operates under the specific legal provisions that created it. Many expenditures from funds are authorized by the Constitution or other statutes besides the Budget Act.

From a practical standpoint, Schedule 1-C is only an approximation. For example, it includes some duplicate amounts and does not include reimbursements. Some duplications are spending from the Department of General Services' Service Revolving Fund, which are also included in spending of departments, and from Workers' Compensation, Unemployment Insurance and Nondisability Insurance Benefits, which have been previously collected from State agencies. Other duplications include amounts from bond proceeds, which are included both when bond proceeds are spent and when debt service is paid, and Federal Revenue Sharing, which is included as spending from the Federal Revenue Sharing Fund and also from the General Fund when the funds are transferred to and expended from it.

Schedule 1-C does not include reimbursements received from the public or other levels of government, as these are deducted from State expenditures.

Schedule 1-C displays funds in terms of traditional fund classifications. Schedule 1-D shows how traditional fund classifications relate to the classifications based on Generally Accepted Accounting principles.

Schedule 1-C Total State Spending Plan Governmental Cost, Nongovernmental Cost and Federal Funds (thousands)

<i>Funds</i>	<i>1980-81*</i>	<i>1981-82*</i>	<i>1982-83*</i>
Governmental Cost Funds:			
General Fund.....	\$21,104,852	\$22,038,842	\$23,202,861
Special Funds.....	3,261,622	3,425,276	3,471,449
Totals, Governmental Cost Funds	\$24,366,474	\$25,464,118	\$26,674,310
Selected Bond Funds	144,672	342,147	370,716
Totals, Governmental Cost and Selected Bond Funds.....	\$24,511,146	\$25,806,265	\$27,045,026
Nongovernmental Cost Funds:			
Public Service Enterprise Funds	2,208,139	2,475,131	2,660,437
Working Capital and Revolving Funds	256,401	330,672	370,173
Bond Funds—Other	193,695	201,458	208,612
Retirement Funds	1,697,929	1,860,187	2,039,831
Other Nongovernmental Cost Funds	1,931,191	2,041,782	2,043,997
Totals, Nongovernmental Cost Funds	\$6,287,355	\$6,909,230	\$7,323,050
Federal Funds	10,247,616	11,095,620	11,345,622
TOTALS, SPENDING, ALL FUNDS	\$41,046,117	\$43,811,115	\$45,713,698

* Dollars in thousands

The following provides supplemental detail for the significant funds and amounts which comprise the various categories of Nongovernmental Cost Funds:

(in thousands)			
<i>Funds</i>	<i>1980-81*</i>	<i>1981-82*</i>	<i>1982-83*</i>
PUBLIC SERVICE ENTERPRISE FUNDS:			
Veteran's Farm and Home Building Fund of 1943	\$774,748	\$841,341	\$893,278
Harbors and Watercraft Revolving Fund	17,966	24,352	22,049
Central Valley Water Project Revenue Fund	26,081	20,830	20,576
California Water Resources Development Bond Fund.....	161,166	154,570	154,564
Central Valley Water Project Construction Fund.....	98,843	223,416	275,171
Unemployment Compensation Disability Fund.....	748,021	792,737	844,981
Continuing Education Revenue Fund.....	20,899	18,605	21,267
State Compensation Insurance Fund ¹	328,295	352,775	374,800
Others	32,120	46,505	53,751
Totals, Public Service Enterprise Funds.....	\$2,208,139	\$2,475,131	\$2,660,437
WORKING CAPITAL AND REVOLVING FUNDS:			
Architecture Revolving Fund	\$9,117	\$9,815	\$10,088
Service Revolving Fund	176,755	203,292	220,542
Stephen P. Teale Consolidated Data Center Revolving Fund.....	20,531	30,606	36,570
Correctional Industries Revolving Fund	22,305	32,937	32,987
Others	27,693	58,022	69,986
Totals, Working Capital and Revolving Funds.....	\$256,401	\$330,672	\$370,173
BOND FUNDS—OTHER:			
Public School Building Loan Fund.....	\$6,490	\$5,422	\$4,554
State School Building Aid Fund	187,205	196,036	204,058
Totals, Bond Funds—Other.....	\$193,695	\$201,458	\$208,612
RETIREMENT FUNDS:			
Benefits Paid: ²			
Judges' Retirement Fund	\$21,175	\$22,644	\$24,912
Legislators' Retirement Fund	2,496	2,810	3,025
Public Employees' Retirement Fund	938,778	1,030,706	1,139,068
Teachers' Retirement Fund	707,340	772,699	837,979
Totals, Benefits Paid	\$1,669,789	\$1,828,859	\$2,004,984
Support	28,140	31,328	34,847
Totals, Retirement Funds.....	\$1,697,929	\$1,860,187	\$2,039,831
OTHER NONGOVERNMENTAL COST FUNDS:			
County Funds	\$0	\$1,472	\$1,472
University Funds	1,285,030	1,371,429	1,522,627
Federal Revenue Sharing	276,200	180,300	0
Others	369,961	488,581	519,898
Totals, Other Nongovernmental Cost Funds.....	\$1,931,191	\$2,041,782	\$2,043,997
STATE COMPENSATION INSURANCE FUND:			
Benefits Paid	\$249,934	\$267,275	\$285,000
Support	78,361	85,500	89,800
Totals, State Compensation Insurance Fund	\$328,295	\$352,775	\$374,800

¹ Includes the following amounts for benefits paid which are not reflected in the Governor's Budget.

² Includes benefits paid which are reflected only in Fund Condition Statements in the Governor's Budget.

ADOPTION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

With the implementation of the California Fiscal Information System (CFIS), the State of California is committed to the adoption of Generally Accepted Accounting Principles (GAAP). The National Council on Governmental Accounting (NCGA), the Financial Accounting Standards Board and the Council of State Governments are all active in defining GAAP and recommend that state governments adhere to the principles they set forth. The California Fiscal Advisory Board has approved conformance with GAAP as set forth by the NCGA in California beginning in 1981-82 with the following exceptions:

1. General Fund transfers to other funds will continue to be shown as expenditures of the General Fund.
2. Reimbursements will continue to include monies that come from non-State sources, such as from local government or the private sector.
3. The Health Care Deposit Fund will continue to be accounted on a cash basis.

GAAP represents uniform minimum standards and guidelines for financial accounting and reporting. The goal of GAAP is to standardize the accounting and financial reporting of governmental organizations—regardless of jurisdictional legal provisions and customs.

This standardization assures that financial reports of all State and local governments contain the same types of financial statements and disclosures for the same categories and types of funds and account groups, based on the same measurement and classification criteria. It also allows the users of governmental fiscal reports to gain a better understanding of the government's financial condition and facilitates the comparison of operations from year to year within each fund, as well as with the operations of other funds or governmental organizations. Conformance to GAAP can be important in securing favorable bond ratings for the State bond issues.

Another important aspect of GAAP as applied to governments is recognition of the variety of legal and contractual considerations typical of the government environment. These considerations underlie and are reflected in the fund structure, basis of accounting, and other principles.

Governmental accounting systems designed in conformity with these principles can readily satisfy most management control and accountability information needs with respect to both GAAP and legal compliance reporting.

Along with other changes in fiscal reporting being implemented by CFIS, some of California's governmental cost funds and many nongovernmental cost funds will be reclassified to conform with GAAP. Schedule 1-D, based on an assessment of GAAP classifications and using 1982-83 budget totals, shows how California's current fund classifications will translate into GAAP classifications.

SCHEDULE 1-D

A-7

CHART 1
REVENUE DOLLARS
 (amounts in millions)
 1982-83 FISCAL YEAR

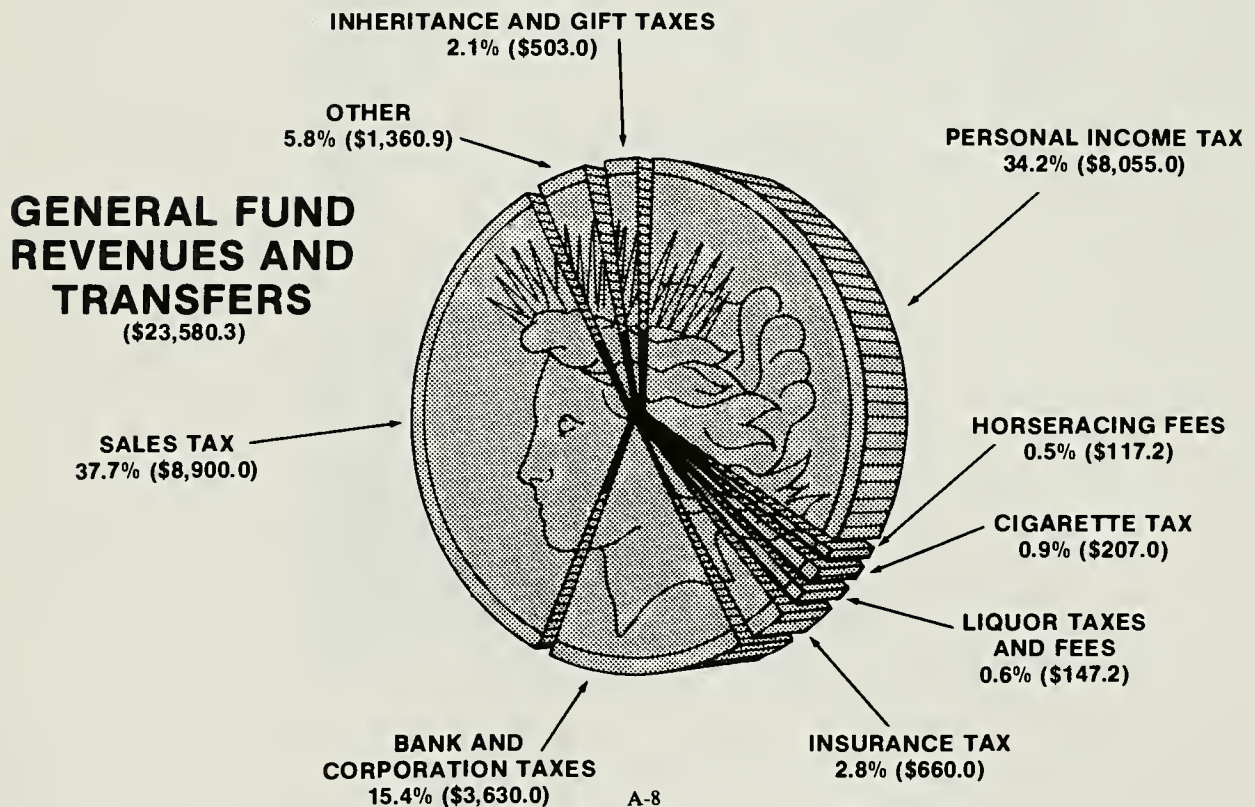
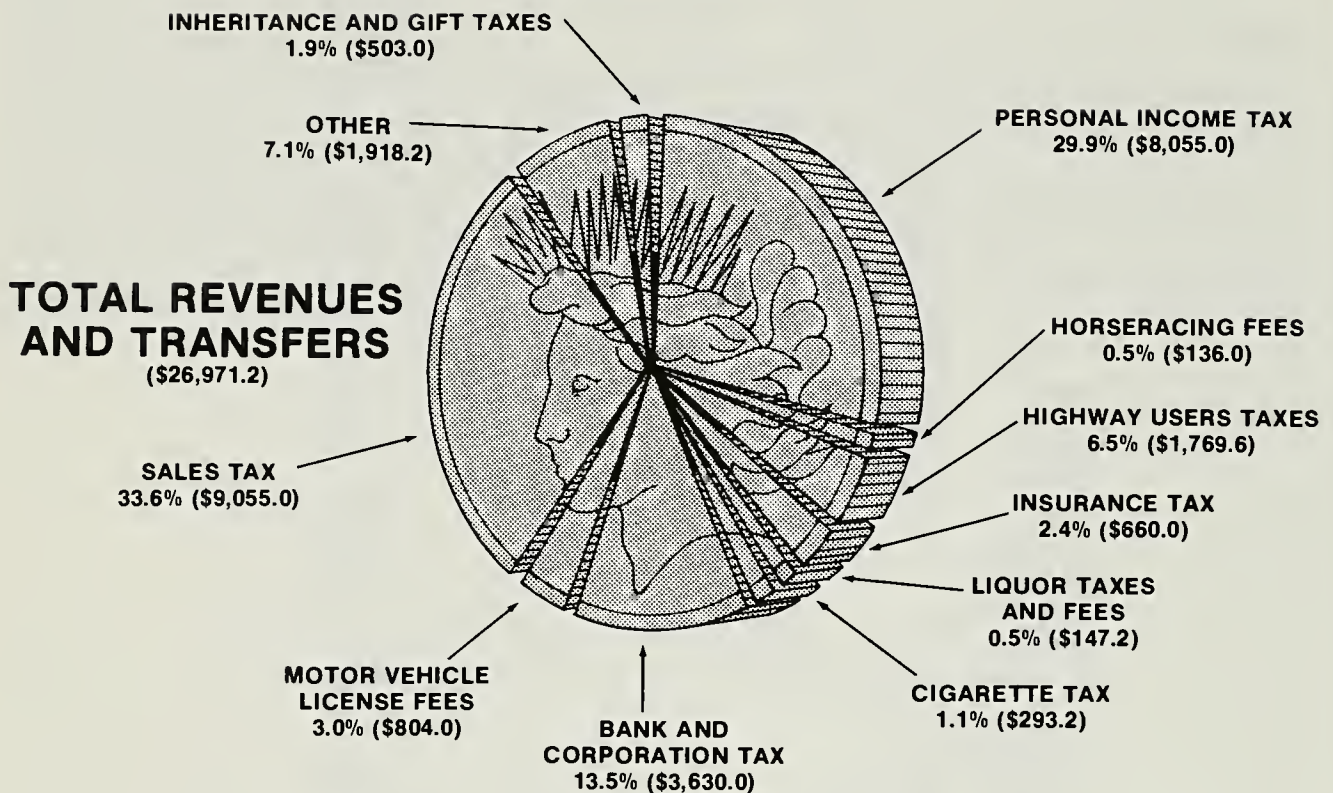


CHART 2

BUDGET EXPENDITURE DOLLARS

(amounts in millions)
1982-83 FISCAL YEAR

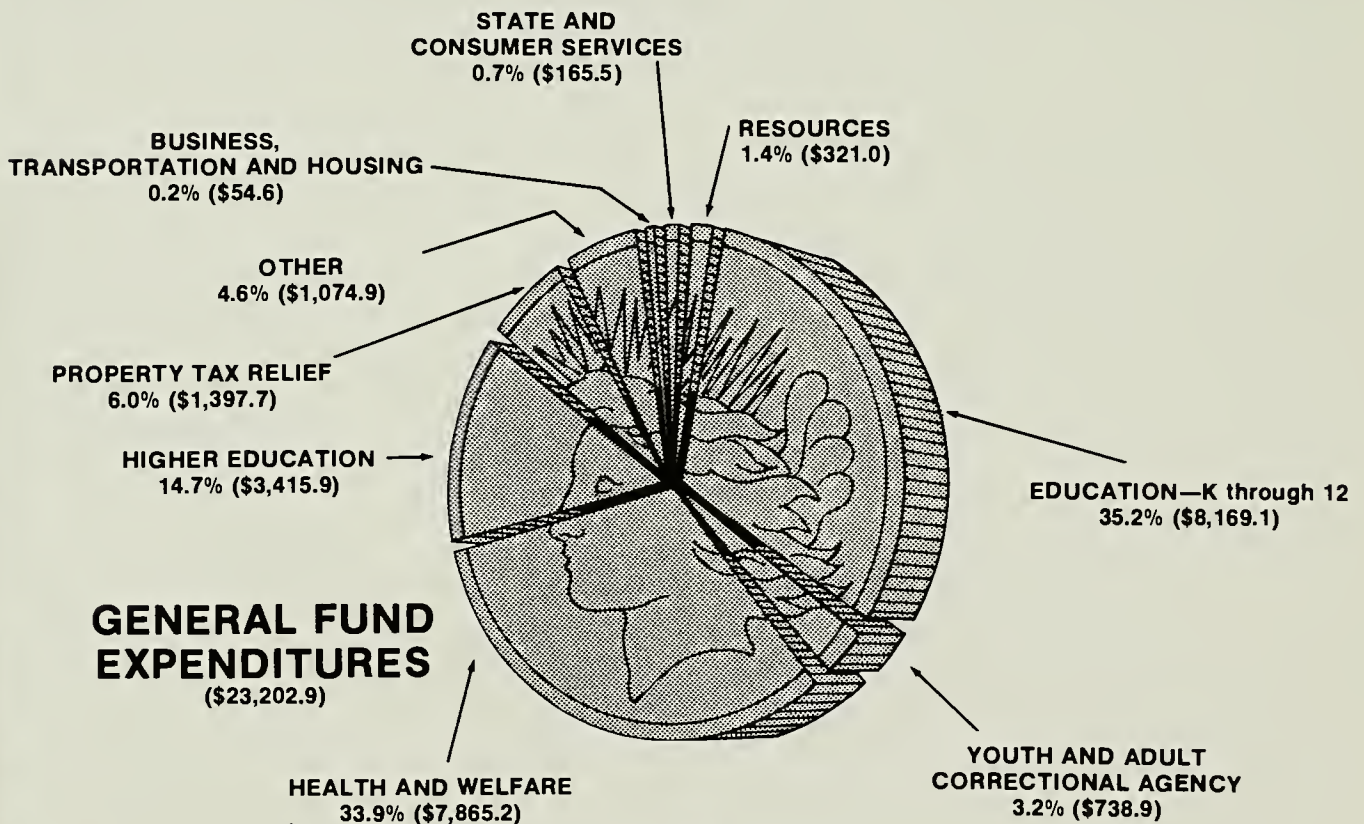
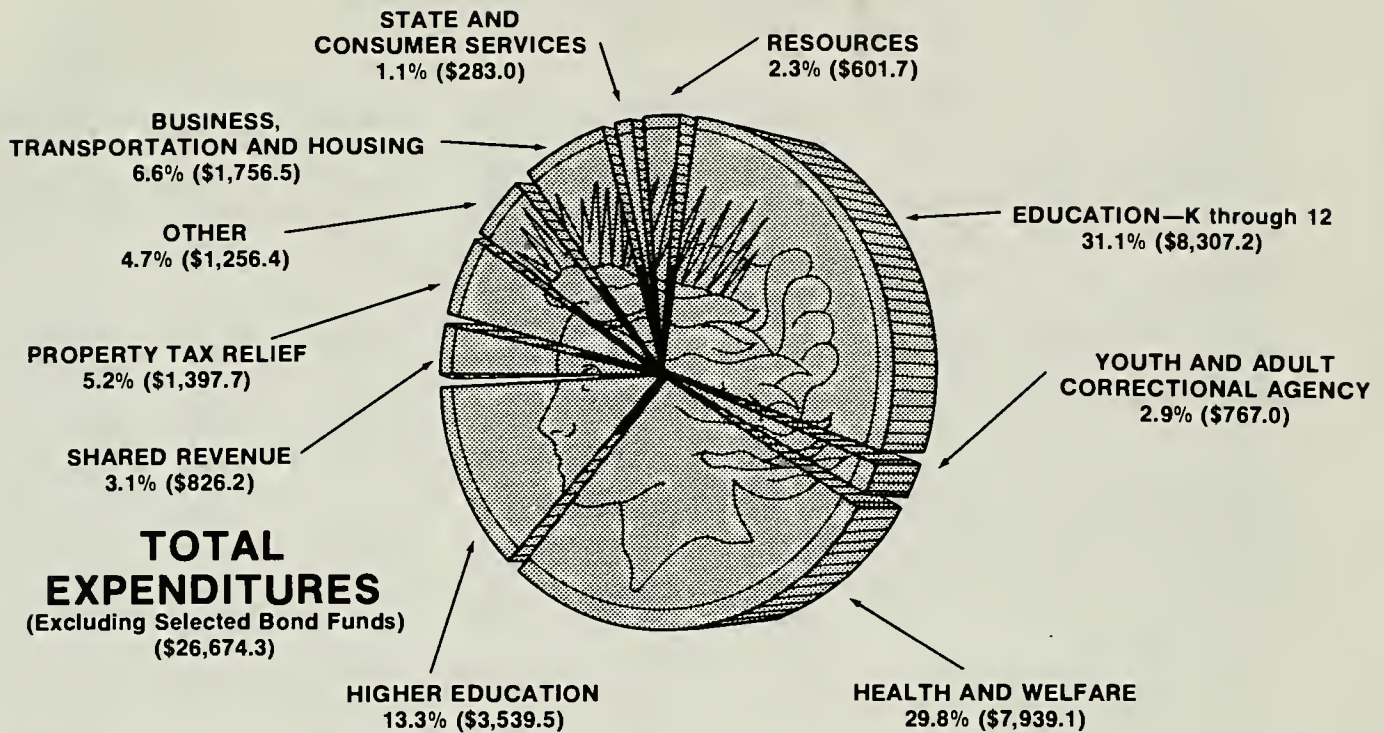


TABLE 1
PERSONNEL YEARS AND SALARY COST ESTIMATES
(Excludes Staff Benefits)

	<i>1980-81 Fiscal Year</i>		<i>1981-82 Fiscal Year</i>		<i>1982-83 Fiscal Year</i>	
	<i>Personnel years</i>	<i>Net salaries and wages</i>	<i>Personnel years</i>	<i>Net salaries and wages</i>	<i>Personnel years</i>	<i>Net salaries and wages</i>
FUNCTION						
Legislative/Judicial/Executive:						
Legislative	332.6	\$9,079,916	361.8	\$9,983,572	399.2	\$10,884,217
Judicial	1,083.7	43,959,000	1,156.1	50,402,000	1,234.0	58,348,000
Executive	7,716.0	171,237,257	8,101.9	183,475,249	8,172.8	186,189,850
State and Consumer Services	11,023.2	215,284,574	11,721.1	232,055,786	11,917.2	240,374,330
Business, Transportation and Housing	31,955.0	705,866,076	32,200.4	727,146,453	33,365.3	756,892,617
Resources	13,889.2	308,583,851	14,578.6	333,253,989	14,947.2	343,913,495
Health and Welfare	43,320.7	862,339,329	41,921.7	871,089,716	41,493.7	879,431,657
Education:						
Education	2,746.5	62,101,985	2,985.9	66,607,673	2,964.7	67,385,350
Higher Education	91,629.8	2,024,515,900	92,047.3	2,111,106,696	92,177.2	2,194,738,188
Youth and Adult Correctional	13,118.3	326,623,864	14,516.7	352,046,288	15,110.5	367,702,712
General Government:						
General Administration	8,752.4	193,834,308	9,508.0	212,834,113	9,593.5	224,025,127
Unallocated salary increase	-	-	-	21,476,000	-	168,322,000
NET TOTALS	225,567.4	\$4,923,426,060	229,099.5	\$5,171,477,535	231,375.3	\$5,498,207,543
POSITION CLASSIFICATION						
Constitutional officers	127.0	\$3,769,100	127.0	\$3,987,100	127.0	\$4,181,100
Statutory	209.0	11,344,804	236.0	13,490,778	243.0	14,067,525
Civil service	131,708.1	2,815,828,655	134,651.1	2,942,962,655	136,748.4	3,030,963,246
Superior court judges—part salary	628.0	27,808,000	628.0	32,013,000	628.0	36,943,000
Exempt—Other	1,714.7	49,890,501	1,914.9	57,400,002	1,949.2	59,951,672
Exempt—Higher Education:						
University of California	54,343.8	1,215,601,000	55,535.0	1,262,062,000	55,418.8	1,331,787,000
Auxiliary facilities—University of California	2,883.7	39,780,000	2,148.9	32,644,000	2,148.9	32,644,000
Hastings College of Law	204.8	5,060,000	224.2	5,718,000	223.5	5,806,000
State University and Colleges	31,975.3	720,556,000	32,006.5	767,842,000	32,127.2	779,605,000
Auxiliary State University and College Facili- ties	1,773.0	33,788,000	1,627.9	31,882,000	1,761.3	33,937,000
Unallocated salary increase	-	-	-	21,476,000	-	168,322,000
NET TOTALS	225,567.4	\$4,923,426,060	229,099.5	\$5,171,477,535	231,375.3	\$5,498,207,543

TABLE 1A

POSITIONS AND SALARY COST ESTIMATES
(Excludes Staff Benefits)

<i>Function</i>	<i>1980-81 Fiscal Year</i>		<i>1981-82 Fiscal Year</i>		<i>1982-83 Fiscal Year</i>	
	<i>Actual Positions¹</i>	<i>Total Salaries and Wages</i>	<i>Estimated Positions¹</i>	<i>Total Salaries and Wages</i>	<i>Proposed Positions¹</i>	<i>Total Salaries and Wages</i>
Legislative/Judicial/Executive:						
Legislative	332.6	\$9,080,000	363.5	\$10,052,000	400.8	\$10,984,000
Judicial	1,083.7	43,959,000	1,157.6	50,442,000	1,235.5	58,388,000
Executive	7,714.8	171,196,000	8,635.6	193,820,000	8,515.9	194,458,000
State and Consumer Services	11,023.2	215,285,000	12,205.1	241,731,000	12,397.3	250,113,000
Business, Transportation and Housing	31,955.0	705,865,000	33,251.4	758,261,000	34,403.0	787,857,000
Resources	13,705.0	305,178,000	15,103.8	341,776,000	15,237.2	348,881,000
Health and Welfare	43,320.7	862,339,000	44,431.4	921,467,000	43,888.0	929,617,000
Education:						
Education	2,746.5	62,102,000	3,063.3	69,545,000	3,041.4	70,244,000
Higher Education	91,629.8	2,024,518,000	93,017.2	2,144,381,000	93,148.0	2,239,198,000
Youth and Adult Correctional	13,118.3	326,624,000	14,845.8	361,644,000	15,482.6	377,582,000
General Government:						
General Administration	8,937.8	197,280,060	10,004.6	226,398,000	10,105.3	236,491,000
Unallocated Salary Increase	—	—	—	21,476,000	—	168,322,000
Totals	225,567.4	\$4,923,426,000	236,079.3	\$5,340,993,000	237,855.0	\$5,672,135,000
Less Statewide Salary Savings	—	—	— 6,979.8	— 169,515,465	— 6,479.7	— 173,927,457
NET TOTALS	225,567.4	\$4,923,426,060	229,099.5	\$5,171,477,535	231,375.3	\$5,498,207,543

¹ As shown in departmental budgets as "Totals, Salaries and Wages."

TABLE 2
SUMMARY OF STATE POPULATION, EMPLOYEES, AND EXPENDITURES

Year	Population ¹ (thousands)	Employees	Population Per Employee	Personal Income (millions)	Expenditures		Expenditures per Capita		Expenditures per 100 of Personal Income	
					General Fund ² (thousands)	Total ³ (thousands)	General Fund ²	Total ³	General Fund ²	Total ³
1950-51	10,887	61,000	178.5	\$21,436	\$587,081	\$1,006,339	\$53.92	\$92.43	\$2.74	\$4.69
1951-52	11,384	63,860	178.3	23,884	635,467	1,068,072	55.82	93.82	2.66	4.47
1952-53	11,870	65,720	180.6	26,365	713,764	1,176,719	60.13	99.13	2.71	4.46
1953-54	12,309	69,928	176.0	27,189	808,692	1,381,400	65.70	112.23	2.97	5.08
1954-55	12,761	74,099	172.2	28,852	852,017	1,422,452	66.77	111.47	2.95	4.93
1955-56	13,293	77,676	171.1	31,908	922,566	1,532,811	69.40	115.31	2.89	4.80
1956-57	13,879	88,299	157.2	34,485	1,029,812	1,732,467	74.20	124.83	2.99	5.02
1957-58	14,459	98,015	147.5	36,189	1,146,531	1,938,845	79.30	134.09	3.17	5.36
1958-59	15,015	101,982	147.2	38,938	1,245,929	2,066,187	82.98	137.61	3.20	5.31
1959-60	15,576	108,423	143.7	42,151	1,434,806	2,140,376	92.12	137.41	3.40	5.08
1960-61	16,112	115,737	139.2	44,077	1,678,081	2,525,394	104.15	156.74	3.81	5.73
1961-62	16,633	122,339	136.0	47,110	1,697,434	2,487,813	102.05	149.57	3.60	5.28
1962-63	17,214	128,981	133.5	50,413	1,881,134	2,808,381	109.28	163.15	3.73	5.57
1963-64	17,771	134,721	131.9	54,159	2,064,120	3,182,262	116.15	179.07	3.81	5.88
1964-65	18,258	143,896	126.9	57,707	2,344,842	3,651,945	128.43	200.02	4.06	6.33
1965-66	18,672	151,199	123.5	62,434	2,579,618	4,058,635	138.15	217.36	4.13	6.50
1966-67	19,044	158,404	120.2	67,260	3,017,197	4,658,899	158.43	244.64	4.49	6.93
1967-68	19,374	162,677	119.1	72,525	3,272,809	5,014,170	168.93	258.81	4.51	6.91
1968-69	19,667	171,655	114.6	80,227	3,908,783	5,672,852	198.75	288.45	4.87	7.07
1969-70	19,892	179,583	110.8	87,530	4,456,082	6,301,772	224.01	316.80	5.09	7.20
1970-71	20,193	181,581	111.2	92,785	4,853,860	6,556,325	240.37	324.68	5.23	7.07
1971-72	20,470	181,912	112.5	99,954	5,027,275	6,683,742	245.59	326.51	5.03	6.69
1972-73	20,737	188,460	110.0	109,190	5,615,684	7,421,705	270.81	357.90	5.14	6.80
1973-74	21,036	192,918	109.0	120,787	7,299,436	9,311,265	347.00	442.63	6.04	7.71
1974-75	21,374	203,548	105.0	134,525	8,348,642	10,276,490	390.60	480.79	6.21	7.64
1975-76	21,757	206,361	105.4	149,106	9,518,436	11,452,454	437.49	526.38	6.38	7.68
1976-77	22,164	213,795	103.7	166,121	10,467,097	12,631,717	472.26	569.92	6.30	7.60
1977-78	22,611	221,251	102.2	186,560	11,685,643	14,003,309	516.81	619.31	6.26	7.51
1978-79	23,073	218,530	105.6	212,895	16,250,774	18,744,967	704.32	812.42	7.63	8.80
1978-79 ⁴	-	-	-	-	11,850,774	14,344,967	513.62	621.72	5.57	6.74
1979-80	23,534	220,193	106.9	243,595	18,534,148	21,487,539	787.55	913.04	7.61	8.82
1979-80 ⁴	-	-	-	-	13,667,148	16,620,539	580.74	706.24	5.61	6.82
1980-81	24,013	225,567	106.5	275,779	21,104,852	24,366,476	878.89	1,014.72	7.65	8.84
1980-81 ⁴	-	-	-	-	15,582,852	18,844,476	648.93	784.76	5.65	6.83
1981-82	24,463	229,100	106.8	305,720	22,038,843	25,464,119	900.91	1,040.92	7.21	8.33
1981-82 ⁴	-	-	-	-	16,098,843	19,524,119	658.09	798.11	5.27	6.39
1982-83	24,898	231,375	107.6	338,880	23,202,861	26,674,310	931.92	1,071.34	6.85	7.87
1982-83 ⁴	-	-	-	-	16,953,861	20,425,310	680.93	820.36	5.00	6.03

¹ Population as of January 1, the midpoint of the fiscal year.

² Excludes Special Accounts in General Fund beginning 1976-77.

³ Expenditures include payments from General Fund, Special Funds and Selected Bond Funds (beginning in 1957-58).

⁴ Excludes Local Government Fiscal Relief.



Legislative, Judicial,
and Executive



State and
Consumer Services



Business,
Transportation
and Housing



Resources



Health and Welfare



Youth and Adult
Correctional



Education



General
Government

The Governor's Budget has traditionally included a narrative presentation in the "A Pages" to highlight the significant issues and changes included in the detailed departmental presentations. Special write-ups are included in this year's "A Pages" and are presented on green colored pages.

- OVERVIEW
- FUTURE OUTLOOK
- GROWTH OF GOVERNMENT
- TAX REDUCTIONS
- PROGRAM HIGHLIGHTS
 - Reforms
 - Two-Tier Retirement System
 - Mandates
 - Public Utilities Commission
 - Industrial Relations
 - Toxic Substances and Hazardous Wastes
 - Agricultural Pest Control
 - Energy and Resources Investments
 - State Construction Program
 - Tidelands Revenue
 - Correctional Facilities
 - State Prisons
 - Local Jails
 - Bonds-Off Budget Financing
- LOCAL GOVERNMENT FISCAL RELIEF
- PROGRAM REDUCTIONS
 - Medi-Cal
 - Education
 - State Operations
 - Federal Budget Reductions
 - Federal Block Grants
- COST-OF-LIVING ADJUSTMENTS
- TRADITIONAL PRESENTATIONS
 - Legislative/Judicial/Executive
 - State and Consumer Services
 - Business, Transportation and Housing
 - Resources
 - Health and Welfare
 - Youth and Adult Correctional
 - Education
 - General Government
 - State-Mandated Local Programs
 - State Construction Program
 - Tax Expenditures
 - Revenue Estimates

Overview

The Economy

The deepening recession will sharply curtail economic growth during 1982.

The impact will be felt in California, but not to the same extent as the rest of the nation. Recovery during the second half of 1982 will result in a 1 percent employment gain for the year in California. Personal income is expected to be up 10.3 percent for 1982, the slowest rate of increase since 1975.

Future improvement in 1983 will lead to economic expansion, with the number of jobs up 4.1 percent and personal income rising by 11.5 percent.

Taxable sales, in real terms, are expected to grow a moderate 1.7 percent during 1982, with no signs of strength occurring until mid-1982. Consumer spending should pick up substantially during the latter half of 1982 and throughout 1983 as the economy gains momentum and interest rates ease. Improved spending will benefit the crucial auto and housing sectors in particular.

State Revenue

The recession has had a significant impact on State revenues. For 1981-82 total General Fund income under existing law are expected to be \$21 billion, or \$826 million below the estimate that was used when the budget was enacted.

The Governor acted on October 9, 1981, signing an Executive Order mandating the following measures to keep the budget in balance:

- a 2 percent reduction of current State operations budgets,
- a hold on uncommitted school construction funds,
- a deferral of selected public works projects, and
- a hold on miscellaneous carryover funds.

The Legislature must act upon the hold on uncommitted school funds and the deferral of public works projects.

To further aid in balancing the 1981-82 Budget, the Governor is supporting legislation that will speed up the collection of withholding

taxes and increase fees for late tax payments. These measures keep revenues more current and thus help eliminate the need for borrowing. If approved by the Legislature, these measures would add \$338 million in revenue.

The recession continues to affect the State in 1982-83. General Fund revenues for the year under existing law are estimated at \$22.4 billion. To provide a "current service budget" that includes increases from 1981-82 for normal workload and inflation only would cost \$24.6 billion.

The following is proposed to balance the budget and close the \$2.1 billion gap between revenues and a current service budget:

Budget Cuts

\$1.335 billion in budget cuts have been made in the 1982-83 Budget. The major reductions are:

Local Government	\$450 million
Cost-of-Living Adjustments	400
Medi-Cal	170
Education, K-12	150
State Operations	115
Refundable Energy Credits	25
Education—Community Colleges.....	25

Revenue Increases

Further efficiencies are proposed to speed the payment of taxes due the State from business, close loopholes, and eliminate inequities.

Most of these proposals are for one-time only increases in revenue and are proposed for that reason. The performance of the economy is expected to improve by mid-1982, and as the economy improves, there should be no need for additional permanent revenue sources. Therefore, the following measures are proposed in combination with budget cuts to balance the 1981-82 and 1982-83 Budget. The revenue measures total \$645 million for 1982-83.

1. Acceleration of payments to the State of taxes already withheld by employers from employee paychecks.
2. Increase the interest due on delinquent taxes in conformance with provisions of Federal Law.

3. Require insurance companies to make four tax payments a year instead of three. This measure makes collection of insurance taxes similar to collection of corporate and individual taxes.
4. Require estimated corporate tax payments to be equal to 65 percent of final liability in 1982; 75 percent in 1983, and 80 percent in 1984 to make corporate tax collections conform to federal law.
5. Accelerate the payment to the State of sales taxes already collected by larger retailers.
6. Disallow deductibility of windfall profits taxes from State income taxes.
7. Eliminate the 1981-82 transfer to the State highway account for sales taxes on gasoline.

ESTIMATED REVENUE IMPACT OF PROGRAM
(In millions)

	1981-82	1982-83
1. Personal income tax acceleration	\$200	\$20
2. Interest on delinquent taxes	125	85
3. Insurance tax acceleration	-	120
4. Corporation tax acceleration	-	40
5. Sales tax acceleration	-	300
6. Disallow deductibility of windfall profits tax	-	80
7. Sales tax transfer.....	13	-
	<u>\$338</u>	<u>\$645</u>

The remainder of the 1982-83 revenue shortfall is closed by a \$116 million carryover from 1981-82.

Budget Initiatives

Even when the Budget is tight and significant cuts have been made in nearly all areas, some high priority programs have been selected for full funding and in some cases added funding. These high priority areas include:

1. Full cost-of-living increases for primary and secondary schools.
2. Elimination of half the 5 percent cut in the base budget of the California State University and the University of California systems.
3. New initiatives to increase instruction in science and mathematics, increase job training programs operated under the California Worksite Education and Training Act, train more engineers and help people on welfare and people displaced from their jobs by the closure of businesses to find new work.
4. Full cost-of-living increases for aid to the

elderly, blind and disabled, and for aid to families with dependent children.

5. Added funding to protect against the hazards from toxic substances.
6. \$120 million from Tidelands Oil Revenue for energy and resources projects.
7. Funds for added enforcement of wage and hour laws and monitoring of working conditions by the Department of Industrial Relations.
8. Restoration of the \$5 million lost due to Federal reductions and exemption from the 5 percent State operations reductions for the California Conservation Corp.

1982 Ballot Measures

The 1982-83 revenue estimate does not take into account two revenue reduction proposals that will be on the June 1982 ballot. If enacted, these two proposals would reduce 1982-83 revenues by \$325 million.

One initiative would change the law to provide for full indexing of the personal income tax by the Consumer Price Index (CPI). Current law provides for full indexing of the personal tax credits and the standard deduction, and for the percent change less three percent for tax rate brackets. For instance, the CPI increase between June 1981 and June 1982 is forecast at 12.76 percent. This percentage change would be used to increase the standard deduction and personal and dependent credits. Tax brackets, however, would be raised by 9.76 percent—12.76 percent minus 3 percent still higher than most wage increases. If adopted by the people the change to full indexing of the tax rate brackets would reduce revenues by \$200 million by 1982-83.

The second would eliminate the inheritance and gift taxes, affects relatively few people—approximately 70,000 taxpayers—but it would reduce revenues to the State substantially. For 1982-83 the revenue loss would be \$125 million. Such a reduction, if enacted, would be in addition to the relief recently enacted by Chapter 634, Statutes of 1980 (AB 2092). Commencing January 1, 1981, all surviving spouses were exempted from the inheritance and gift taxes. Furthermore, exemptions for all other beneficiaries were changed as follows: minor child went from \$12,000 to \$40,000; adult child from \$5,000 to \$20,000; siblings, \$2,000 to \$10,000; and all others, \$300 to \$3,000. This already enacted 1982-

83 tax reduction of \$150 million will benefit 150,000 people.

High and Low Revenue Estimates

In addition to the 1982 ballot measures, there are a number of other uncertainties that could affect General Fund revenue and transfer collections. Among the more critical factors are:

- Trends in monetary policy;
- Trends in interest rates, particularly after mid-1982;
- The extent to which stabilizing home prices and lower mortgage rates will affect changes in consumer prices.
- The eventual size of the Federal deficit and fiscal policies implemented after mid-1982.

High and low economic and revenue forecasts are described in detail in the Revenue Estimates section of the "A-Pages". The range of estimates for General Fund revenues and transfers is:

	<i>(In billions)</i>	
	1981-82	1982-83
High Alternative	\$22.1	\$24.7
Low Alternative	\$20.9	\$22.4

Reserve for Economic Uncertainties

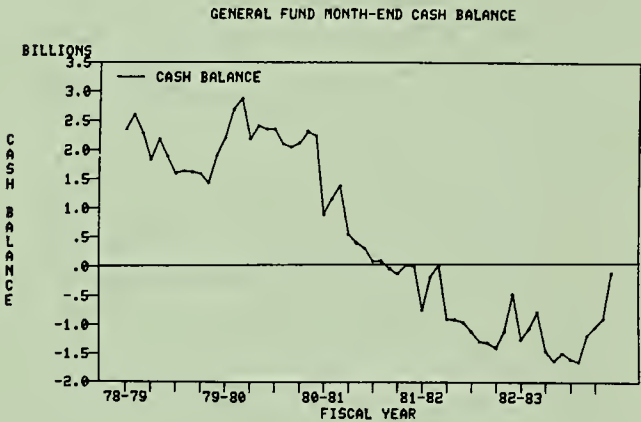
In 1980, after the State's budget surplus had been depleted, the Reserve for Economic Uncertainties was established as a hedge against unexpected expenditures and declining revenues. This reserve is similar to a household setting aside less than 2 weeks salary as economic insurance against unexpected expenses or loss of income.

General Fund Borrowing

Temporary loans to the General Fund are required to provide cash during periods when disbursements exceed collected revenues. These

loans are all internal to the state and are made from various special funds. Repayments are made within a few days to a few weeks of the borrowing. During the first half of this fiscal year it was necessary for the General Fund to borrow to meet cash obligations. Although minor borrowing took place for a short period in the Spring of 1981, this is the first time in many years that major loans to the General Fund have been required. In prior years, the State was able to maintain spending levels through the use of a significant State surplus which had accumulated over a period of years.

When temporary loans to the General Fund are required, they are borrowed from the Reserve for Economic Uncertainties and other special funds within the State. Our current projections show that the General Fund will be in a borrowed position throughout most of the 1982-83 fiscal year. In addition, if the Reserve for Economic Uncertainties is reduced below the budgeted level, it is possible that we will exceed our total borrowing capabilities. If this occurs, we will be required to hold bills, seek legislation for revenue anticipation notes or issue registered warrants.



Future Outlook

This section is included in the Governor's Budget for the first time to provide a rough picture of the fiscal situation the State will face from now to 1984-85.

The Economic and Revenue Outlook (1983-84 and 1984-85)

The fiscal condition of State government through 1984-85 is dependent to a large extent on overall economic conditions in the State. Generally, a higher rate of economic growth translates into higher levels of employment and incomes in California which in turn produces more revenues for the State.

It is impossible to prepare an accurate estimate of the economy and revenues through 1984-85. There is a broad range of possible recovery paths with significantly different implications for the future. For example, some economists believe that a deep recession in 1982 could lead to stronger and more sustained economic growth in the future by bringing down inflationary pressures and interest rates. If this were to occur, the long dormant housing and auto industries might contribute to higher revenue to the State.

Despite these difficulties, we venture to offer some prognostications for the future. The inflationary situation is particularly difficult to assess. Over the past several years, State revenues have both benefited and been hurt by exceptionally high levels of inflation. Income and taxable sales have grown sharply, raising revenues. Income tax indexing, on the other hand, has offset part of the revenue growth during years of high inflation. It is impossible to develop one long-term scenario which would adequately consider all the possible ramifications.

Underlying Economic Assumptions

The current recession should run its course by mid-1982, after which a moderate recovery should begin. Between 1981 and 1985, therefore, it is reasonable to expect an average increase in real GNP of approximately 2.7 percent a year. This would be consistent with employment gains

of roughly 2 percent a year, growth in the CPI at a 7½ percent rate and an average rise of 10½ percent for personal income. By historical standards this would represent a relatively slow rate of long-term expansion with an improved—although still unacceptably high—rate of inflation.

The longer term projection given here does not assume another recession in 1983 or 1984, which is a possibility. The national economy has been moving virtually sideways since the first quarter of 1979 with short periods of expansion followed by brief downturns. In fact, real GNP in the third quarter of 1981 was only 2.2 percent higher than GNP in the first quarter of 1979. It is possible that such stagflation may continue for a period of years.

Nevertheless, long term prospects are good for California. The State, however, is unlikely to see economic expansion in the foreseeable future as rapid as occurred in the latter half of the 1970s.

Past Trends

Over the past several years, California has seen strong growth from various sectors. Perhaps the most important among these was the aerospace industry which reached an all time high at the end of 1980. The current recession has significantly reduced demand for electronics products. Orders for commercial aircraft are sharply lower than a year ago. Defense spending has been relatively stable in real terms for several years and any increased funding by the current Administration in Washington is unlikely to have an impact on the State until mid-1983 at the earliest. For these reasons, the aerospace industry is not expected to contribute significantly to economic growth over the next several years.

The fiscal situation of the State and local government argues against any significant increase in State and local employment for the foreseeable future.

The construction industry has been remarkably resilient until recently, due in large part to high levels of activity in office and commercial

construction. At the present time, strength from this source is dwindling. The housing industry, which has been depressed for two years, is expected to start moving up after mid-1982 as interest rates come down. Even with this improvement, the industry is unlikely to see strong levels of activity for some time. Housing prices will become the primary deterrent even when interest rates ease.

An offsetting factor for the construction industry will be increased highway construction. The 2-cent per gallon increase in fuel taxes, which becomes effective January 1, 1983, and higher registration and weight fees coming in this year, will provide a substantial increase in funds available for new projects and improved operation and maintenance of existing roadways. Over the four years from 1981-82 through 1984-85 expenditures in such areas will be \$2.1 billion higher than would have occurred without these additional revenues.

The traditional growth sectors of California—the finance group, trade, and services—are expected to continue to do well. Even in these areas, however, growth is expected to be less than in earlier expansionary phases.

A complicating factor is the increased resistance to rapid growth from communities and organizations concerned about the physical ability of an area to sustain greater numbers of people.

Growth could be strengthened over time by the expansion of technological innovation and the more rapid development of high technology and resource efficient industries in the State. This would enlarge business and consumer markets.

On balance, therefore, the next four years are expected to see improved economic growth, but at a moderate rate by historical comparison. Given the broad national economic assumptions stated above, California wage and salary employment should grow by approximately 3 percent a year between 1981 and 1985. With inflation averaging 7½ percent and a modest increase in productivity (approximately 1 percent per year), personal income would rise at an average rate of 11 to 11½ percent and by 1985 would stand at \$445 billion. This income total would translate into General Fund revenue collections of approximately \$30.1 billion by the 1984-85 fiscal year.

1982 Ballot Measures

Any long term appraisal is further complicated by the two revenue reduction proposals which will be on the June 1982 ballot.

These two measures alone, if adopted by the people, would reduce revenues from 1982-83 through 1984-85 by over \$2.2 billion.

Long Term Projections

Long term projections should be expressed in terms of a range, since any point forecast is not only impossible to achieve but misleading. In the current year, 1981-82, a narrow range on the order of ± 3 percent appears reasonable, given that five months of actual revenue collections are known. Greater uncertainties which occur as the forecasting span lengthens, however, suggest that the range should be progressively expanded to bracket the likely limits within which revenues could fall. In 1982-83, for instance, a ± 5 percent range appears justified. The limits can be increased to $\pm 7\frac{1}{2}$ percent for 1983-84 and to ± 10 percent for 1984-85. The last would indicate General Fund revenues for 1984-85 between \$27.1 billion and \$33.1 billion.

It is within this range that the long term fiscal situation of the State should be considered. If the two initiatives mentioned above are approved—and no other revenue changes occur over the following three years—the expected range of General Fund revenues would be \$26 billion to \$32 billion. These projections include the revenue program recommended in this Budget.

GENERAL FUND REVENUE AND TRANSFER PROJECTIONS (Dollars in billions)

	1982-83	1983-84	1984-85
Base forecast			
Sales tax	\$8.9	\$10.0	\$11.3
Income tax	8.1	9.4	11.0
Bank & Corporation tax.....	3.6	4.3	4.9
All other.....	3.0	2.6	2.9
Total	\$23.6	\$26.3	\$30.1
Probable range			
High	\$24.7	\$28.3	\$33.1
Low	\$22.4	\$24.3	\$27.1
Effect of 1982 ballot proposals:			
Full indexing of income tax.....	— \$.20	— \$.42	— \$.66
Elimination of inheritance and gift taxes	— \$.125	— \$.365	— \$.44
Potential Revenues if both initiatives approved in 1982.....	\$23.3	\$25.5	\$29.0
Probable range			
High	\$24.4	\$27.5	\$32.0
Low	\$22.1	\$23.5	\$26.0

No longer term outlook is complete without mention of developments which could radically change the economic situation. For instance, a rapid acceleration of interest rates could throw the Nation back into a recession. This would repeat the short-term expansion-contraction cycle which has been in effect now for three years. Under this situation, revenue growth could conceivably come in below the lower end of the ranges noted above.

On the high side, in contrast, any substantial

moderation in price rises could sharply stimulate real growth. An expansionary fiscal policy which stimulated key industrial sectors could also result in major job creation. These positive factors would tend to increase revenue collections.

This brief long-term scenario is therefore intended only as an approximation of the revenue range within which State Government will operate over the next several years.

ECONOMIC PROJECTIONS TO 1985
(Dollar amounts in billions)

<i>National Data</i>	1981	1982	1983	1984	1985
Real GNP	\$1,507.8	\$1,502.5	\$1,561.9	\$1,621.0	\$1,678.0
(% change)	1.8%	-0.4%	4.0%	3.8%	3.5%
GNP Deflator (72-100)	193.3	210.4	227.7	244.8	262.7
(% change)	9.9%	8.8%	8.2%	7.5%	7.3%
GNP	\$2,914.9	\$3,164.8	\$3,557.3	\$3,968.0	\$4,408.9
(% change)	11.9%	8.6%	12.4%	11.5%	11.1%
CPI (% change)	10.5%	8.5%	7.5%	7.2%	6.9%
Housing starts (th.)	1,124	1,239	1,536	1,950	1,900
New car sales (mil.)	8.7	8.5	9.4	10.6	11.1
Wage & salary employment (th.)	91,592	91,855	94,562	97,210	99,640
(% change)	1.1%	0.3%	2.9%	2.8%	2.5%
Personal income	\$2,406.0	2,624.9	\$2,913.7	\$3,230.9	\$3,573.0
(% change)	11.4%	9.1%	11.0%	10.9%	10.6%
<i>California Data</i>					
Wage & salary employment	10,078	10,192	10,605	11,158	11,619
(% change)	1.9%	1.1%	4.1%	5.2%	4.1%
Unemployment rate	7.4	8.1	7.1	6.2	5.8
Personal income	\$291.1	\$321.1	\$358.1	\$400.5	\$444.6
(% change)	12.1%	10.3%	11.5%	11.9%	11.0%
CPI (% change)	11.1	11.3	8.3	6.9	6.6
Housing units (th.)	109	125	175	225	290
New car registrations (th.)	930	975	1,095	1,200	1,250

General Fund expenditures for 1983-84 and 1984-85 will grow to meet revenues. As noted in the long-term revenue projections, there is a wide variance of possible revenue levels and many possible expenditure projections.

Instead of trying to provide a description of what might happen given a wide range of revenue estimates, the base level of revenue estimates assuming failure of the 1982 ballot measures has been used. Using that assumption the following would be available for 1983-84 and 1984-85.

	<i>(In billions)</i>	
	<i>1983-84</i>	<i>1984-85</i>
Base revenues	\$26.3	\$30.1
Prior year expenditure base.....	23.2	26.3
Amount available for expenditure growth.....	\$3.1	\$3.8

The percentage increase in 1983-84 expenditures over 1982-83 would be approximately 13.4%. This would be high by immediate past standards and would allow for consideration of returning some portion of past program reductions. It is clear that a current service budget could be funded. The percentage in 1984-85 expenditures over 1983-84 would be approximately 14%. This again would be high by immediate past standards and would fund a current service budget.

Appropriation Limit—XIIIB (1983-84 and 1984-85)

In addition to the constraints of revenues and expenditures, State officials must be aware that decisions made concerning the increase of tax revenues and the appropriation of those revenues have to be made within the confines of the State's appropriation limit.

Proposition 4, approved by the electorate on November 6, 1979, added Article XIIIB to the California Constitution. It imposes a limit for State and local entities on the growth of certain appropriations made from tax proceeds. Using 1978-79 as the base year, each succeeding year's limit is adjusted to reflect changes in price and population. Fiscal year 1980-81 was the first year of implementation.

In establishing the State's base year figure and the appropriations subject to limitation in later years, it is first necessary to count all appropriations made from the General Fund and Special

funds. From this total, appropriations which are not subject to limitation are deducted. These include payments for voter-approved debt, appropriations made from reserve funds, subventions made to local agencies which are unrestricted as to use, fees and penalties, federal funds and appropriations made from non-tax proceeds.

Using the most current forecast data for price and population change, the following table shows the State's appropriation limit, the estimated appropriations subject to limitation and the amount the State would be under its limit. For this purpose, the appropriations subject to limitation for 1983-84 and 1984-85, are assumed to increase at the same rate as General Fund Revenues.

Estimated State Appropriation Limit Article XIIIB (In millions)

	<i>1982-83</i>	<i>1983-84</i>	<i>1984-85</i>
Appropriation Limit	\$19,899	\$21,781	\$23,687
Appropriations Subject to Limita- tion	18,176	20,266	23,184
Amount Under Limit	\$1,723	\$1,515	\$503

As indicated, by 1984-85 the State is getting closer to its appropriation limit. The assumption that the appropriations subject to limitation increase at the same rate as General Fund income, however, tends to overstate the situation. Since Special Fund revenues typically do not increase as rapidly as General Fund revenues, the actual rate of increase for the appropriations subject to limitation could be less than shown.

Between now and 1984-85, the estimated factors used to adjust the State's appropriation limit are considerably lower than the actual factors were in the first years of implementation. The State's population growth rate has decreased slightly and the price factors used have been dropped to below ten percent. Given this forecast, if the State were to experience an upsurge in economic activity which produces increased State revenues or if several tax increase measures were passed in an attempt to maintain current levels of service, the State would be in danger of exceeding its appropriation limit.

The State's appropriation limit becomes another complicating factor in evaluating California's long-term fiscal situation.

Growth of Government

The growth in California government during the period 1967 through 1974 was possible because of increased taxes. During that time, the personal income tax rates were increased, income brackets were narrowed, the bank and corporation tax rate increased from 5.5 to 9.0 percent and the sales tax was increased by more than 50 percent.

But actions taken in 1978 and subsequent years have substantially altered California's revenue base and, in fact, launched the State into a new era of State tax policy.

In 1978, the people of California passed Proposition 13, reducing property taxes by more than 50 percent. In the same year, the Governor signed a one-time income tax reduction and a continuing income tax indexing program.

Since 1978, additional tax reductions enacted include increased credits for renters, special credits for conservation and a substantial reduction in the inheritance tax.

The historic trend of continuing expansion in taxes has come to an abrupt halt.

California has gone from among the top three tax states, to the middle range. Preliminary nationwide data for 1980-81 ranks California 34th among all the states in state tax revenue growth.

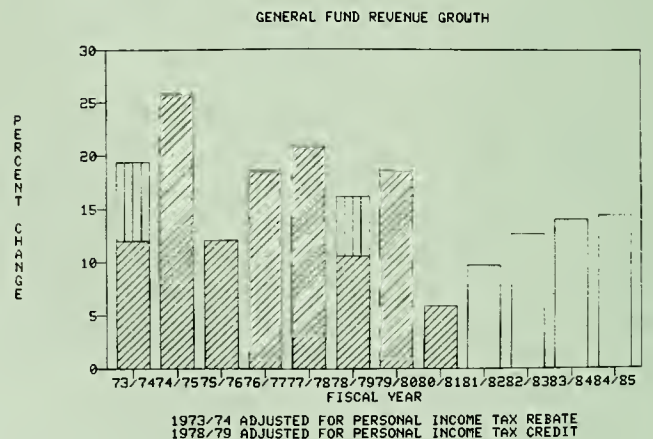
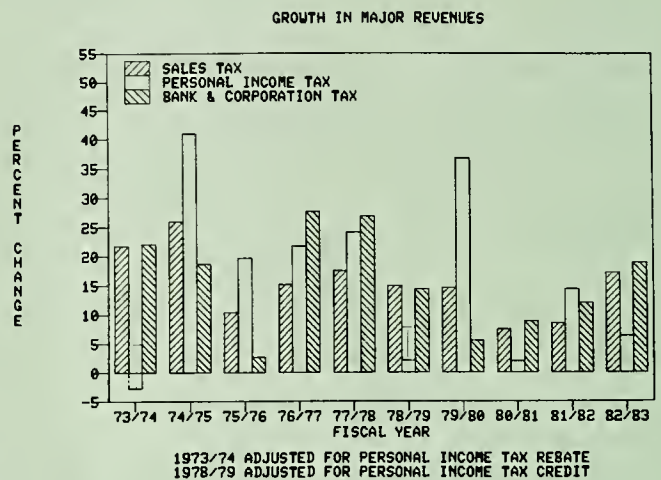
California's State and local taxes per capita grew less than 39 other states for the period 1970-71 to 1979-80. Taxes in relation to personal income actually declined by 11.4 percent. California taxes per \$1,000 of personal income for this period *declined* four times more than the National average.

The following charts illustrate this smaller growth in the State's major revenue sources and total revenues.

The historic trend of expansion in General Fund expenditures has been checked, despite the continued massive State bailout of local government.

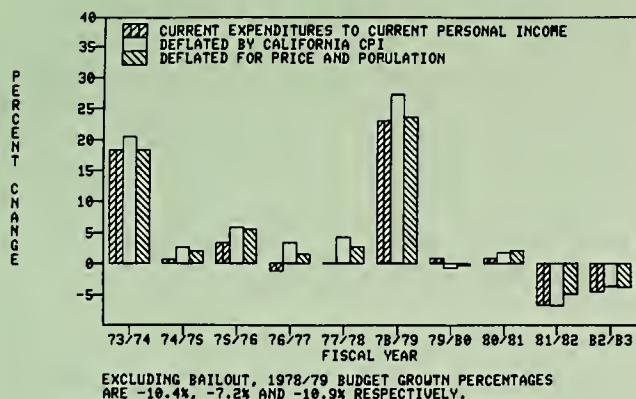
For the second year in a row, real General Fund expenditures adjusted for inflation will decline in 1982-83. Excluding bailout, the average real General Fund budget has declined every year since 1977-78.

Even with bailout, the total General Fund growth rate since Proposition 13 has declined significantly from what it was during the mid-1970's.

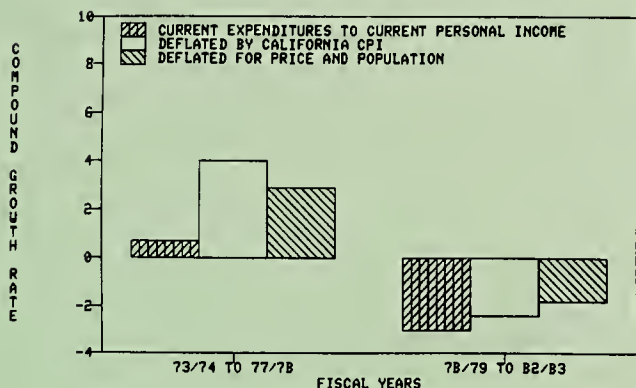


The following charts illustrate this smaller growth in the State's General Fund expenditures.

GENERAL FUND BUDGET GROWTH
(USING VARIOUS MEASURES OF REAL GROWTH)

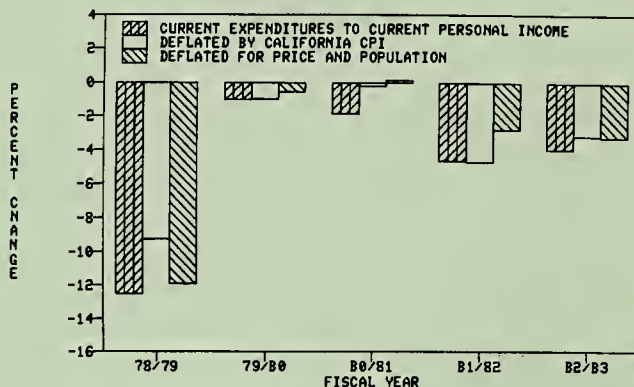


GENERAL FUND BUDGET GROWTH
(USING VARIOUS MEASURES OF REAL GROWTH)
BEFORE AND AFTER JUNE 1978



Passage of Proposition 13 drastically changed the method of financing government in California. It is therefore misleading to look at growth in the State Budget without taking into account local government finance. Combining State General Fund expenditures with local discretionary revenues over the period from 1977-78 to 1982-83 shows what has happened to the cost of government in California. Government has declined in real terms each year since 1977-78 as indicated on the following chart.

GROWTH OF CALIFORNIA GOVERNMENT
(USING VARIOUS MEASURES OF REAL GROWTH)



Tax Reductions

From 1975-76 through 1982-83, over \$55 billion will have been reduced from State and local tax payments by a variety of measures.

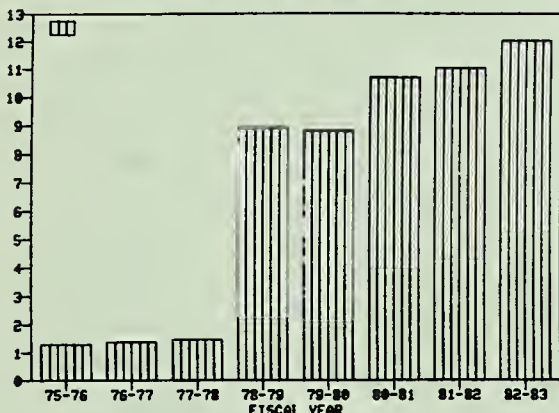
No other state can match this achievement. Even the recently enacted Federal tax cut pales in comparison. State tax relief for Californians continues to grow.

TAXPAYER BENEFITS 1975-76 through 1982-83 (In millions)

Local Property Tax Relief	
Proposition 13	\$35,000
Homeowners' exemption	3,948
Inventory exemption	3,249
Open Space	119
Total Property Tax	\$42,316
State Relief	
Personal income tax	
Indexing	\$7,992
Other	1,132
Renter credit	2,129
Senior citizens	561
Business taxes	341
Inheritance and gift taxes	271
Energy credits	292
Other	542
Total State Relief	\$13,260
Total Taxpayer Benefits	\$55,576

The following chart shows the distribution of taxpayer benefits anticipated from 1975-76 through 1982-83.

TAXPAYER REDUCTION PROGRAMS
(IN BILLIONS OF DOLLARS)



Local Programs

Property tax collections by the end of the next fiscal year will at a minimum, be \$35 billion less than without the passage of Proposition 13. The Homeowners' Property Tax Exemption and the Business Inventory Property Tax Exemption bring total property tax relief during this period to over \$42 billion.

The End of the Inventory Tax

The inventory tax was originally part of the general property tax structure. When household personal property was exempted from the rolls, business inventories stayed.

In 1968, 15 percent of the tax was eliminated. This was increased gradually to 50 percent in 1974. In 1979 the tax was eliminated entirely.

Over the eight fiscal years from 1975-76 through 1982-83, California business will have received tax relief of \$3.2 billion from this one program alone.

Homeowners: Before Proposition 13

Since 1968 homeowners have been given a reduction in their assessed value to lower the impact of property taxes. Until 1974, the exemption was set at \$750. In 1974, the exemption was increased to \$1,750. More than \$3.9 billion in relief will have been provided since 1975-76. Furthermore, there are additional programs that provide special assistance to senior citizens in paying or deferring property taxes.

At the State Level

Tax reductions at the State level have been adopted with three aims in mind:

- To provide assistance for lower income persons;
- To create equity; and
- To eliminate the "inflation tax" due solely to people being forced into higher tax brackets with no gain in real income.

Indexing: Counteracting Inflation

Adjusting State income taxes for inflation has benefited State taxpayers more than any previous State tax reduction law. With no change in the current law, the annual tax benefit from indexing will exceed the annual tax reduction attributable to Proposition 13 by the late 1980s.

Indexing of the income tax accounts for more than 60 percent of all State tax relief—an estimated \$8 billion by June 1983. The tax bracket impact has been most noticeable. In 1977, taxable income of \$14,000 on a joint return was at the 5 percent marginal tax rate. By 1982, the marginal rate on the same income will be down to 3 percent. The top 11 percent bracket used to begin at \$31,000 on a joint return. For 1982 that level will be increased to an estimated \$48,600.

Indexing is also applied to:

- the standard deduction,
- the personal credit,
- dependent credits,
- the blind credit, and
- the low income credit.

The tax relief generated by indexing credits is also significant. Prior to indexing, the personal exemption credit was \$25 for single and separate returns and \$50 for joint and head of household returns. The dependent credit was \$8. For the 1982 income year, the personal credit will rise to \$39 for single and separate returns, and to \$78 for joint and head of household returns. The dependent credit will be \$13. The standard deduction will have increased from \$1,000 for single and separate returns and \$2,000 for married persons and head of household to \$1,580 and \$3,160, respectively.

Partial Versus Full:

The Provisions of Indexing

Indexing began in 1978. For that year, the adjustment factor for tax brackets was the per-

centage change in the California Consumer Price Index (CPI) between June 1977 and June 1978, less 3 percent.

In 1979, full indexing was extended to the standard deduction and the various credits. Therefore, the 3 percent reduction did not apply to these areas, but was still subtracted in adjusting tax brackets.

The law was modified in 1979 to permit full indexing for the 1980 and 1981 income years.

Current law continues indexing indefinitely, but with the 3 percent reduction for tax brackets reestablished for 1982 and future years. The indexing measure on the June ballot would remove the 3 percent threshold.

Beneficiaries of Indexing

Almost 17 million Californians (taxpayers and their dependents) benefited from indexing last year. The remaining 7.2 million Californians did not have enough taxable income to pay any State income tax, and therefore, received no or little benefits from indexing.

The benefits of indexing can be measured by savings for an individual taxpayer or for all taxpayers. Obviously, those in higher income tax brackets will have the greater dollar savings and the lower percentage savings. The following table shows examples of the savings that will be realized by persons filing joint returns for 1982.

**EXAMPLE OF 1982 ESTIMATED
TAX SAVINGS FROM INDEXING
(Joint Returns)**

<i>Adjusted Gross Income</i>	<i>Average Dollar Savings</i>	<i>Average Percent Tax Reduction</i>
\$10,000–20,000	\$131	63
\$20,001–30,000	297	45
\$30,001–50,000	611	38
\$50,001–75,000	994	29
\$75,001–100,000	1,106	19
Over \$100,000	1,115	6
Overall	\$419	28

Federal Government Windfall

Since State income taxes are deductible in computing the Federal income tax whenever State income taxes are reduced, Federal Government collections are raised. It is estimated that approximately one-third of State income tax savings will accrue to the Federal Government, or about \$1 billion in 1982-83 alone.

Inheritance Tax Relief

Chapter 634, Statutes of 1980 (AB 2092) reformed the inheritance and gift tax law. Beginning January 1, 1981, surviving spouses will no longer pay any inheritance or gift tax. The exemption level for other beneficiaries has also been raised significantly.

In 1982-83, an estimated 150,000 people will benefit from these provisions. Spouses are expected to receive approximately 65 percent of the \$150 million in benefits.

1982-83 Tax Relief

Californians will receive \$5 billion in tax relief from the State in 1982-83 alone. This total does not include savings from Proposition 13, which would add some \$7 billion to the total. The largest factors include:

- Homeowners' exemption—benefits 4 million homeowners \$338 million
- Renter credit—benefits 4.4 million renters \$440 million
- Inventory relief—provided to 675,000 businesses \$600 million
- Senior citizens credit—for 500,000 Californians \$66 million
- Income tax indexing—benefits 17 million people \$3.1 billion
- Inheritance and gift tax exclusions and exemptions—benefits 150,000 people \$150 million
- Solar and other energy credits \$100 million

Program Highlights

Reforms

Reforms in a number of programs are suggested in the budget to update the State retirement system, ensure that local governments are reimbursed for mandated programs and provide user funding for the Public Utilities Commission and for certain programs in the Department of Industrial Relations. Details of these reforms follow.

TWO-TIER RETIREMENT SYSTEM

In 1961 the State adopted a retirement system which was coordinated with Social Security. Contribution rates to the retirement system for the State and employee were adopted based upon salaries and Social Security coverage offered at that time. Since the initiation of this program, Social Security covered wages have grown from \$4,800 per year to \$32,400 per year. In spite of this growth, contributions made to the State retirement system have never been adjusted.

Under the current PERS/Social Security coordinated retirement system, it is possible for employees retiring at age 62 to receive more than 100 percent of their final salary as a combined retirement benefit. A common standard for retirement is that 70 percent of final compensation is an amount sufficient to maintain a comparable standard of living after retirement. Although still in its developmental stages, this second-tier retirement program would have as its goal, the provision of retirement benefits at 70 percent of final compensation with reduced contribution rates on the part of the State and State employees. Implementation of this program requires legislation and is subject to the collective bargaining process where appropriate.

The savings anticipated from such a new retirement system would be nominal in the initial year, but would accrue as new employees replace current employees through normal turnover.

Nationwide, employers in all segments of our economy are facing higher employee benefit

costs as a percent of payroll. At the State level, for every dollar of salary paid to an employee, an average of 25¢ additional is paid into PERS and Social Security.

The two-tier retirement system will provide increased take-home pay to participating employees and reduce the pension costs for the State as an employer. Consideration is still being given to extending the two-tier retirement system to other governmental entities.

MANDATES

Both Section 6 of Article XIIIB of the State Constitution and Section 2231 of the Revenue and Taxation Code require the State to reimburse local government for the costs of any State-mandated programs. This budget provides \$96 million to reimburse such costs in programs enacted since 1972. A number of programs enacted during this time, however, are alleged to contain mandates but provide no funding and, instead, "disclaim" any responsibility to reimburse.

The Administration will take the following steps to avoid the potential problem of the State imposing additional requirements on local government without providing funding.

Bills With "Minor" Costs

In the past, the State has declined to provide funding for bills which, individually, imposed relatively minor costs on local government. The reason for this practice has been that the administrative cost to both State and local government of obtaining reimbursement was often greater than the reimbursement itself. The Administration will recommend to the Legislature that identifiable "minor" costs be reimbursed on a mutually-agreed basis, as appropriate, such as population, ADA or assessed valuation without the need for the preparation and submittal of detailed forms. The Administration will work with local government officials and the Legislature to refine this reimbursement process.

Bills Which Impact Local Criminal Justice Systems

Under the Constitution, those bills which define a new crime or change an existing definition of a crime or infraction are exempt from the requirement to reimburse any resultant local costs. Consequently, no analyses of the fiscal impact of such bills is conducted at the State level. State policy has been that this exemption covers all aspects of the criminal justice system from apprehension through prosecution, and the incarceration of or probation for violaters of the law. Nevertheless, it is important in some instances to identify the total fiscal impact of a bill on local government, including its impact on local law enforcement programs and budgets. In cases where a bill would require an additional expenditure of 5 percent of the total law enforcement budget, the Administration will recommend that the Legislature fund this increase. At the end of the year, the Administration will sponsor legislation to provide funding for those bills which individually do not exceed this percentage but collectively exceed it.

Legislation Without Reimbursement Funds

The State Board of Control was empowered in 1978 to hear claims from local government that legislative acts did not provide reimbursement of mandated costs. To date, State payments on awards made by the Board on such unfunded acts and ultimately funded in claim bills and Budget Acts, including this proposed Budget for 1982-83, total approximately \$157 million. The Administration will oppose bills that fail to provide reimbursement, as required by the State Constitution, of any costs mandated on local government.

Board of Control actions which are modified by the Legislature

As noted above, the State Board of Control recommends funding to the Legislature for mandates which contained no funding. In certain instances the Legislature has not concurred with the actions of the Board of Control. In the past, this has resulted in either the reduction or elimination of funding for mandates.

Local government has argued that they have not been fairly treated in this process. In order to provide the basis for more equitable treat-

ment, legislation will be proposed to provide that if the Legislature eliminates funding proposed by the Board of Control a specific finding must be made that there is no mandate or that the mandate has no reimbursable cost. If this finding is not specifically made, there will be no new requirement for local government to continue to comply with the mandate.

Regulations with Mandated Costs

Current law provides the Office of Administrative Law with the responsibility for reviewing regulations issued under the Administrative Procedures Act. There is no similar review procedure, however, for regulations which are not issued under that Act and, as a result, many regulations receive little review prior to issuance by any agency other than the issuing one. Claims for reimbursement filed with the Board of Control by local government are often the result.

The Administration will be working with local government officials and with the Legislature to develop a procedure for analyzing the fiscal impact of any regulations that have been approved for implementation without appropriate regard for their fiscal implications. This procedure could involve a second-level review prior to issuance and may also provide for a local agency appeals procedure for regulations already issued.

These actions should assure a more effective and equitable allocation of the scarce resources available to State and local government.

PUBLIC UTILITIES COMMISSION

The California Public Utilities Commission ensures the equitable and continued operation of a variety of utilities in this State. However, only those utilities concerned with the transportation of goods on the highways pay fees for support of Commission activities. All other Public Utilities Commission activities are paid out of the General Fund. By contrast, public utilities commissions in 41 other states derive their primary support from fees paid by the utilities regulated. With the 1982-83 Budget, the Commission and the Administration are proposing to extend the concept of "user funding" to all utilities under the jurisdiction of the California Public Utilities Commission.

Concurrent with the 1982-83 Budget Bill, the Public Utilities Commission will seek legislative approval to authorize assessments to offset the costs of regulating gas, electrical, water and sewer, and communications utilities and other activities currently supported from the General Fund and the Energy Resources Conservation and Development Special Account. The following table indicates the anticipated total assessments by type of utility.

<i>Utility</i>	<i>Total Assessment</i>
Electrical	\$6,943,000
Gas and Steam Heat	5,275,000
Water and Sewer	3,210,000
Communications.....	3,830,000
Transportation	4,695,000

DEPARTMENT OF INDUSTRIAL RELATIONS

The Budget establishes the Division of Industrial Accidents (DIA), the Workers' Compensation Appeals Board (WCAB), and the Uninsured Employers' Fund (UEF) on a self-funding reimbursement basis as recommended in previous years by the Legislative Analyst. Currently, these units in the Department of In-

dustrial Relations are supported from the General Fund. Shifting them to a self-funding reimbursement basis will save the General Fund approximately \$27 million.

This reimbursement method of funding is in keeping with the prevailing funding pattern of other states, including industrial states like Pennsylvania and New York, and is fully consistent with the purpose of workers' compensation. As a statutory limited-benefit, no-fault system, workers' compensation was designed so that the costs of work injuries are "internalized" within the production process—the process of producing and distributing goods and services. Since all costs of doing business must be covered by employers, the system was intended to operate with built-in incentives to prevent injuries. The State can no longer afford the luxury of keeping the litigation element and related services of this no-fault social insurance program outside of the central mechanism for financing the program. Both the DIA and the WCAB are integral parts of the program, their very existence being predicated on the resolution of disputed cases and on aiding the operation of an otherwise largely self-administered program.

Toxic Substances and Hazardous Wastes

California has done more to protect its citizens from the dangers of toxic substances than any other State in the country. While the list of our accomplishments is long, so is the list of lessons we have learned. We are in the forefront of efforts to control toxic substances, yet we face years of work if we are to adequately respond to this serious threat to our environment and health. To succeed, we must continue to respond to the challenge presented by toxic substances with a regime of public and personal responsibility.

This program is built around every Californian's right to know about the hazards caused by toxic substances to which he or she may be exposed. This right to know extends to workers exposed to toxic hazards in the workplace, community residents living near industrial sites and dumps, and families exposed to household toxics and indoor air pollution. Funds are proposed to provide information and technical assistance to individuals and community officials so that all members of our society can be better equipped to live wisely with chemicals.

Over the last two years, this Administration and the Legislature have enacted legislation which gives the workers of California the right to know of toxic hazards in the workplace, created an industry financed superfund to cleanup toxic dumps and spills, provided for the regulation of hazardous materials transportation and hazardous wastes disposal, and imposed substantial penalties for the violation of our toxic control laws. In addition, the toxics control activities of the Department of Health Services have been reorganized to improve management and efficiency. The new Division of Toxic Substances Control provides the management structure for the implementation of many of the 1982-83 budget proposals. Together with the significant program increases in the control of air and water borne toxics over the last two years, these efforts have launched California on the course of responsible public reaction to toxic substances.

Budget Proposals

The 1982-83 budget proposals for control and prudent use of toxic substances will:

1. Implement the State's new superfund and begin the cleanup of toxic dumps and the compensation of people injured from dumps and spills where there is no liable party;
2. Implement the State's policy of reducing dependence on the landfill disposal of hazardous wastes by facilitating the construction of alternative technology waste treatment facilities;
3. Expand our ability to control toxics in the workplace, the source of greatest human threat from exposure to toxic substances;
4. Address the need for additional research and responsible education of the public concerning toxic substances;
5. Provide assistance to local governments to reduce the amount of toxic substances entering the air and water;
6. Implement the State's new program of hazardous material transporter licensing and inspection; and,
7. Continue the State's program of removing hazardous PCB-filled electrical equipment from state buildings.

The following provides a more detailed discussion of the proposals:

1. California Hazardous Substance Account (Superfund)

SB 618 created the California Hazardous Substance Account to provide up to \$10 million annually beginning in 1982-83 to cleanup toxic dumps and spills, to conduct health studies, and to compensate victims of toxic exposure. The proposed expenditure of those funds is displayed below.

I. Remedial Actions and Response	\$6,577,367
a. Remedial Cleanup Contracts	\$4,719,641
b. State Cleanup Activities (DHS)	\$1,857,726
II. Emergency Response	2,332,362
a. Emergency Reserve Fund....	\$1,000,000
b. Emergency Response Equipment (State & Local Government)	\$800,000

c. Training of State and Local Response Personnel (CHP)	\$292,362	
d. Emergency Response and Hazard Identification (DIR)	\$157,000	
e. Notification, State Response Plan (OES)	\$83,000	
III. Health Effects Surveys (DHS)		458,000
IV. Victim Compensation (B of C)		389,000
V. Administrative Costs (B of E)		243,271
TOTAL		\$10,000,000

- I(a) *Remedial Cleanup Contracts*—Contractual funds for engineering and cleanup work on specific toxic dumps and spills, as ranked by the Department of Health Services in regulations due April 1, 1982.
- I(b) *State Cleanup Activities*—40.5 positions to conduct site cleanup engineering work, toxic material sampling, cleanup supervision, contract management, legal work for reimbursement proceedings against responsible parties, and emergency response fund supervision.
- II(a) *Emergency Reserve Fund*—\$1 million for immediate expenditure by the Division of Toxic Substances Control for emergency response to life threatening spills or releases of toxic substances.
- II(b) *Emergency Response Equipment*—\$800,000 to the Division of Toxic Substances Control for disbursement to State and local agencies for the prepositioning of toxic release emergency response equipment.
- II(c) *Training of State and Local Response Personnel*—2.5 positions for the Department of the California Highway Patrol for training of State and local toxic emergency response personnel in proper response procedures.
- II(d) *Emergency Response and Hazard Identification*—4.0 positions for the Department of Industrial Relations to identify and assess health hazards for emergency response personnel when responding to releases of toxic substances.
- II(e) *Notification, State Response Plan*—2.5 positions for the Office of Emergency Services for the development of a statewide emergency response plan involving the resources of State and local

agencies and for the creation of a spill response notification and recording system.

- III *Health Effect Surveys*—6.0 positions for the Division of Toxic Substances Control to carry out health effects studies in association with toxic dumps and spills and to study the health effects of specific substances present in such releases.
- IV *Victim Compensation*—\$300,000 to be administered by the State Board of Control to compensate victims of toxic releases who suffer hardship losses in income or medical expenses as a result of their exposure.
- V *Administrative Costs*—10.2 positions for the State Board of Equalization for expenses incurred in the collection of the Hazardous Substance Account Tax.

2. Hazardous Waste Management

One of the more serious consequences of our increased production and use of chemicals has been the enormous quantity of wastes generated by chemical, petroleum, electronic, and other industries. In 1980, the Legislature approved a statewide hazardous waste assessment by the Office of Appropriate Technology in an effort to find alternatives to dependence on the landfill disposal of toxic wastes.

The OAT report, released in October 1981, detailed the opportunity to fundamentally alter disposal practices. The State has embarked on a course of encouraging and, in some instances, requiring the use of alternative waste treatment technology in place of simple landfill disposal. To provide the resources necessary for this effort, the budget for the Division of Toxic Substances Control includes \$2.3 million from the Hazardous Waste Control Account to carry out the following:

1. Work with the local agencies and interested parties to streamline the State's hazardous waste facility permitting process to encourage the construction of alternative treatment facilities.
2. Prepare regulations to require the use of alternative treatment technologies for certain highly toxic wastes.
3. Increase the on-site inspection and enforcement activities of the Division.

4. Increase public knowledge of and participation in the State's Hazardous Waste Management program.

3. *Occupational Exposures to Toxic Substances*

The chronic diseases suffered by workers are perhaps the greatest threat to human health posed by our widespread use of toxic substances. In addition to protecting workers from this threat, advances in the control of workplace toxics have provided, and will continue to provide, necessary information and action to protect the general public from toxic substances.

For years, state and federal legislation has required employers and the government to assure the nation's workers a safe place of employment. Faulty equipment and mechanical threats to health have been the focus of efforts to protect employees and significant advances have been made toward providing a safe workplace. Today, however, we are reaping the harvest of occupational disease caused by exposure over the last forty years to toxic substances about which we knew very little. Of the approximately 70,000 chemicals and minerals in use in commerce today, only 800 have standards of exposure set to protect employee health. Unfortunately, many of those 800 standards were based only on acute health data and not on the currently available data on chronic, or long-term, hazards posed by such substances. Employers and employees are unable to assure a safe workplace in the absence of adequate exposure standards for the chemicals with which they work.

When a standard for exposure to a toxic chemical is set, the employer has a measure by which the provision of a safe workplace can be assured. Compliance with existing standards is an extremely important part of the overall effort to assure a safe workplace, yet, the record of compliance is uncertain. There are 450,000 businesses in California, many of which routinely use hazardous materials. At present, the State is able to inspect only 1700 annually for occupational health problems. Priority-based investigations and voluntary compliance through labor-management committees, which have formed the basis of a California model system in the safety area, must be expanded to reduce toxic induced illnesses in the occupational setting and to assure a safe workplace.

The following budget proposals will fund ac-

tivities of the Department of Industrial Relations to accomplish these objectives:

- a. Occupational Health Investigations—\$1,445,483 and 36.0 positions to establish a priority-based scheduling system for conducting occupational health investigations to protect employees from toxic substances in the workplace.
- b. Standards for Occupational Chemicals—\$1,783,219 and 40.0 positions to develop and update safe exposure standards for the thousands of hazardous chemicals for which no standards presently exist.
- c. Training and Educational Outreach—\$338,625 and 8.0 positions to conduct training and educational programs to initiate voluntary compliance programs to prevent occupational injuries associated with the use of toxic materials. These positions will also assist professionals and voluntary organizations engaged in such educational activities.

4. *Toxics Research and Information*

The absence of health effects information on toxic substances has resulted in thousands of senseless adverse human exposures. The lack of information has also caused much, if not most, of the public's fears of toxic dumps and substances because basic requests for information have been unanswerable.

The following budget proposals address both the need to increase our understanding of toxic substances and the need to respond in a timely manner to requests for information and assistance. The proposals will fund five programs within the Division of Toxic Substances Control, as follows:

- a. The Community Toxics Evaluation Unit—\$486,000 and 8.0 positions to collect and evaluate health effects data on hazardous materials and to respond to requests from local and State agencies and the general public for such information;
- b. The Occupational Education Program—\$241,000 and 6.0 positions for the existing occupational Hazard Evaluation System and Information Service (HESIS) within the Division to develop and provide training to develop in hazardous material recognition and safety;
- c. The Indoor Air Pollution Unit—

\$367,000 and 9.0 positions to develop data on the quality of air in schools, offices, and residential buildings and to investigate the sources, levels, and health effects of indoor air pollution;

- d. Subclinical Human Health Effects Monitoring—\$167,000 and 3.0 positions to develop methods for monitoring the human body for toxic materials or their metabolites and to develop protocols for applying the monitoring techniques to populations exposed to toxic materials to provide early warning of potentially adverse exposure;
- e. The Male Infertility Surveillance Program—\$253,000 and 6.0 positions to identify environmental causes of infertility by establishing a reporting system on the incidence of male infertility and any relationship to specific environmental or occupational exposures to hazardous materials.

5. *Airborne and Waterborne Toxic Substances*

Air and water are the mediums through which the greatest number of people are exposed to toxic substances. The State's ambient air and water already bear a burden of toxic contamination which is cause for widespread concern. This budget proposal will assist local and regional efforts to control the introduction of toxic materials into our air and water.

The Air Resources Board budget includes \$243,000 from the Motor Vehicle Account, State Transportation Fund and \$60,000 from the Air Pollution Control Fund and 7.0 positions to work with local air pollution districts to establish guidelines to aid districts in determining whether toxic emissions from new sources are significant and what control technologies are available and to investigate potential new sources of hazardous air pollutants brought to the districts' attention.

The Water Resources Control Board budget includes \$168,000 from the Energy and Re-

sources Fund for contracts with the Department of Water Resources, the Department of Fish and Game, and the University of California Extension Service to work with the rice growing industry toward the adoption of agricultural practices which will reduce the amount of hazardous chemicals entering the Sacramento River.

6. *Hazardous Material Transportation*

For several years California has regulated the highway transportation of hazardous waste. Yet, hazardous wastes comprise only approximately five percent of the hazardous materials transported on our roadways. Last year the Administration sponsored legislation which authorized the Department of the California Highway Patrol to license and inspect companies hauling hazardous materials and to suspend licenses if the public health is threatened. The legislation, which takes effect in July 1982, established a self-funding mechanism for the support of the program.

The budget will provide the California Highway Patrol with \$849,036 from the Motor Vehicle Account, State Transportation Fund and 21.0 positions to conduct the Hazardous Material Hauler Licensing and Inspection program established by Chapter 860, (Statutes of 1981).

7. *Polychlorinated Biphenyls (PCBs)*

Polychlorinated Biphenyls (PCBs) are highly toxic substances used extensively since 1932 in electrical equipment. Although new uses were banned by Congress in 1976, continued use of existing equipment still threatens human health when PCBs leak from equipment encasements or are dispersed in the course of a fire. As a first phase in the State's response to this health threat, the Legislature appropriated \$3.6 million in Fiscal Year 1981-82 to remove leaking PCB equipment from state-owned facilities.

For fiscal year 1982-83, the Administration proposes \$5.8 million for the Department of General Services to continue similar efforts. The following table displays the major project areas and implementation schedule.

PROGRAM TIMETABLE

1981-82 1982-83 1983-84

Phase I^a

Equipment replacement:

food handling areas.....	xx	-	-
non-food handling areas.....	xx	-	-
Mechanical system fan shut-down	-	xx	-
Sampling.....	-	xx	-
Temporary storage	xx	xx	-
Ballast replacement-food handling areas	-	-	xx
Incineration/Disposal	-	-	xx
Program development.....	xx	xx	-

Phase II^b

Equipment replacement:

food handling areas.....	-	xx	-
non-food handling areas	-	xx	xx
Mechanical system fan shut-down	-	-	xx
Sampling.....	-	-	xx
Temporary storage	-	-	xx
Ballast replacement-food handling areas	-	-	xx
Incineration/Disposal	-	-	xx
Program development.....	-	xx	xx

^a Phase I program encompasses seven departments included in 1980-81 survey.

^b Phase II program encompasses approximately 10 additional departments included in 1981-82 survey.

SUMMARY OF PROPOSALS DEALING WITH TOXIC SUBSTANCES

Expenditures:

California Hazardous Substance Account (Super-fund)	\$10,000,000
Hazardous Waste Management	2,268,542
Toxics Research and Information System	1,512,830
Air and Water Borne Toxic Substances	471,000
Hazardous Material Transportation	849,036
Occupational Health Investigations	1,445,483
Standards for Occupational Chemicals	1,783,219
Training and Educational Outreach	338,625
Polychlorinated Biphenyls (PCBs)	5,800,000
TOTAL, TOXICS PROPOSALS	\$24,468,735

Funding:

General Fund	\$5,080,157
Special Account for Capital Outlay.....	5,800,000
Energy and Resources Fund	168,000
Hazardous Substance Account	10,000,000
Hazardous Waste Control Account.....	2,268,542
Motor Vehicle Account, State Transportation Fund	1,092,036
Air Pollution Control Fund	60,000

Agricultural Pest Control

A Task Force was established by the Governor in October, 1981 to evaluate past and current activities in the statewide pest prevention and detection program. The Task Force has devoted itself to this purpose and has recommended a revised statewide program.

The Department of Food and Agriculture proposes to implement this report by proposing a major expansion of its pest prevention and detection program. This proposal will involve augmentation of existing State level as well as County Agricultural Commission's programs.

The department is proposing a \$16 million program augmentation including approximately 146 positions. A total of \$8 million in General and SAFCO funding, and \$8 million from reimbursements from non-state sources is proposed to support the program augmentation.

The department is currently meeting with representatives of governmental entities and industry to determine appropriate sources of non-state funding. When this task is completed, the department will provide the necessary detail and proposed law changes.

Energy and Resources Investments

A look at a California's energy and natural resources reveals some disturbing trends. California's oil production peaked in 1968, and energy costs to California consumers have tripled since 1978. Timber production has declined steadily since 1958, and five million of 16 million acres of forestland are not growing trees because of poor soil conditions, or because they have simply not been replanted to meet future needs. Salmon runs have declined to 40 percent of historic levels. Soil erosion and soil salinity have caused a decline in productivity on thousands of acres of once-valuable farmland. Most of California's cities budget funds for tree removal, but few can afford tree planting.

We are now in an era in which economic prosperity, the health of the environment, and the quality of our lives are determined by how carefully we use our remaining non-renewable resources and by how successfully we husband our renewable resources.

Over the last seven years, substantial progress has been made in enhancing California's natural resources. The Legislature has enacted and the Governor has signed a number of bills creating a framework for resource enhancement in the next two decades. These programs include:

The Forest Improvement Act (AB 3304, Calvo, D-Mountain View), *The Forest Resources Improvement Fund* (AB 320, Calvo), *The Renewable Resources Investment Fund* (SB 201, Wilson), *The Geothermal Resources Fund* (AB 1905, Bosco, D-Eureka), and *The Energy and Resources Fund* (AB 2973, Vasconcellos, D-San Jose).

In the area of energy resources, programs have been initiated to use available energy with maximum efficiency and expand our use of renewable resources. In 1981, the Energy Commission developed, and the California Buildings Standards Commission adopted, new residential building standards that will save California households billions of dollars in avoided energy costs over future decades. Work is now underway on nonresidential energy conservation standards that will have similar benefits for Cali-

fornia's commercial and industrial sectors. In 1982 the Residential Conservation Service will be fully operating. This joint state and federal program provides audits for all Californians wishing to save energy in their homes. The RCS, combined with the state and federal conservation tax credits and financing programs planned by the utilities, will reduce energy costs in the home while providing opportunities for growth of small business.

In 1981, the Energy Commission implemented load management standards. These standards increase electrical energy system reliability, reduce peak demand and increase efficiency. Based on the successes of 1981, work will continue to increase the use of pure alcohol fueled cars in state and local government fleets.

As a model for efficient use of conventional and renewable energy supplies and to cut state operations energy costs, programs are now underway at state facilities to tap conservation, cogeneration, wind, solar, biomass, geothermal, and hydroelectric potential.

In March 1981, Governor Brown signed an Executive Order creating the State Government Energy Task Force. This permanent body of state agencies was given the mandate to reduce state facilities' energy use 20 percent by 1984, and to install 400 megawatts of electrical capacity, primarily through cogeneration, over the next ten years.

The Energy and Resources Fund (ERF) establishes the most comprehensive renewable resource investment program in the nation. It provides \$120 million a year for four years for enhancing California's soil, forest, water, fish, parkland, and renewable energy resources. The fund reinvests today's income from the extraction of non-renewable resources to assure the permanent productivity of renewable resources which can sustain prosperity for California's future.

Enactment of the Energy and Resources Fund vastly expanded California's ability to manage and enhance its productive resources.

Resources

The goals of resource investments proposed for 1982–83 are:

- Protect and increase jobs in tourism, forest, fishing and construction industries;
- Preserve and increase recreational opportunities, particularly in urban areas; and
- Maintain and expand the productivity of natural systems.

The 1982–83 Investment program includes elements funded from the Renewable Resources Investment Fund (RRIF), the Environmental License Plate Fund (ELPF), Forest Resources Improvement Fund (FRIF), Water Project funds, and the Energy and Resources Fund (ERF).

The Department of Forestry proposes to continue its \$3.4 million chapparral management program, to control wildfire losses through prescribed burning in foothill areas. It also proposes to continue funding, through grants and cost-sharing, both urban forestry (\$535,000, RRIF and \$390,000, FRIF) and reforestation and improvement of understocked forest lands (\$1 million RRIF, \$1 million ERF, and \$4,471,000 FRIF) projects.

The Department of Fish and Game proposes to continue contracting with the California Conservation Corps (CCC) for restoration of salmon and steelhead streams (\$2.9 million, ERF and RRIF). This program benefits both sport and commercial fisheries. In addition, the Department is budgeting for the preparation of working drawings for the expansion of the Nimbus hatchery (\$200,000, ERF), construction of an artificial reef in Southern California to improve sport and commercial fishing opportunities (\$500,000, ERF), and efforts to reestablish or improve shellfish production in the San Francisco Bay and in Southern California (\$350,000, ERF).

The Water Resources Control Board proposes a wastewater reuse demonstration in San Diego (\$350,000) and a voluntary pesticide reduction project (\$168,000, ERF).

The Department of Conservation proposes continuation of its important farmlands mapping project (\$540,000, ERF)

designed to better understand the status of California's prime farmlands, and its California Resource Information System (\$450,000, ERF).

The Coastal Conservancy proposes a \$2 million (ERF) acquisition program for 1982–83. The program will focus on the establishment of land trusts and on coastal properties with unique resource or recreational values. The Conservancy also proposes to continue its coastal access program (\$650,000, ERF and ELPF).

The Santa Monica Mountains Conservancy proposes a \$5.65 million (ERF) acquisition program focusing on trail corridors, key access points, and significant parklands.

The Department of Parks and Recreation proposes to continue its Roberti-Z'berg Urban Parks Program at a \$5 million (ERF) level for 1982–83, and its Urban Fishing Program at a \$7.5 million (ERF) level. The Department of Parks and Recreation also proposes projects to stabilize coastal bluffs and coastal dunes.

The Department of Boating and Waterways proposes three projects (\$78,000 ERF) to improve river access for recreation and boating on the Colorado and Sacramento Rivers. In addition, the Department proposes to complete the Alameda Beach Erosion Control Project, initiated in the current year, with \$585,000 from ERF.

The Department of Water Resources proposes to complete its reverse osmosis desalter with \$4.7 million in State Water Project funds. The project, under construction near Los Banos, will demonstrate the feasibility of purifying irrigation drain water for reuse. The Department also proposes to continue its agricultural (\$856,000, ERF) and urban (\$2 million, ERF) water conservation programs and to assist in the construction of an innovative wastewater reclamation system in San Diego (\$477,000, ELPF).

Energy

Providing Californians with reliable, affordable energy sources continues to be one of our most important challenges. Increases in the

price of energy, coupled with uncertainties in the Middle Eastern oil producing countries, underscore the need to conserve conventional energy sources, make efficiency improvements, and expand our use of domestic energy resources. California's energy program stresses conservation and the use of renewable resources.

Since the technology now exists to reduce unnecessary energy use, the 1982-83 budget proposes the following:

- Investing in proven energy technologies with known cost effectiveness;
- Investing in energy technologies that have widespread applicability;
- Continued support of measures which speed individual and business investments in conservation and renewable resources;
- Continued development of California's oil, natural gas, and renewable energy resources.

The 1982-83 Budget continues California's commitment to these goals. Most projects are proposed for funding from Tideland Oil Revenues out of the Energy and Resources Fund (ERF). Following is a summary of proposed programs.

17 cogeneration projects costing \$16.7 million are included to design or construct over 100 megawatts of power at State universities, colleges, hospitals, and prisons. These projects will save the State \$430 million in energy costs over 20 years;

\$74 million for more than 130 energy conservation and efficiency improvement projects at State facilities that will save the State more than \$126 million over 20 years;

Ten construction projects at State facilities will provide energy using wind, solar, hydroelectric, and wood resources at State parks, forests,

and hospitals. These projects will save the State nearly \$3 million over 20 years with an initial cost of \$1 million.

To expand the Energy Commission's existing alcohol fuels program, \$5 million is included to offset marginal purchase and operational costs associated with establishing a fleet of 1,000 methanol-powered automobiles including 100 CHP cars and 100 methanol-fueling facilities throughout the State.

\$4.6 million is budgeted to continue matching funds for local governments, schools, and hospitals for conservation measures. \$6 million in Federal matching funds is anticipated for this program.

\$3.75 million will help local governments reduce operating costs by converting street lights to high efficiency lamps.

To save gasoline and reduce motorists' costs, \$2.4 million is proposed to help local governments coordinate traffic signals to reduce congestion.

\$2 million is budgeted as the State's share of the Heber geothermal power plant. Additionally, \$2.75 million is included for the development and construction of a district heating system for public buildings and industry in downtown San Bernardino.

\$2 million will serve as the Energy Commission's share for the construction of a five megawatt solar pond power demonstration project at the Salton Sea. Other participants in this project are the Federal Department of Energy and Southern California Edison.

\$1 million will be used to demonstrate advances in solar technologies.

\$2.5 million is proposed for co-funding of state-of-the-art technology for combustion of California lignite coal.

State Construction Program

Proposals for capital outlay expenditures from various special funds and selected bond funds in the amount of \$657 million are contained in this Budget. A variety of projects would be funded, which include facilities for the three segments of Higher Education, General Office Space and a number of other facilities such as additional space for the Veterans Home, the State Hospitals, and Correctional facilities.

Much of the funding proposed for these facilities is from Tidelands Oil Revenues collected by the State Lands Commission. Other proposed capital outlay expenditures such as those to acquire land for the State Park system are largely financed from bond sales. A description of proposed capital outlay expenditures is included in the traditional narrative summaries in the various program budget presentations.

The construction of State facilities has been significantly slowed because of fiscal constraints on the State. Recent declines in the level of economic activity within the State and corresponding declines in tax revenues accruing to the State have raised the specter of a General Fund deficit during Fiscal Year 1981-82. One of the measures taken to avoid such a deficit was to defer capital outlay expenditures from funding sources which could be redirected by the Legislature. The Public Works Board is required by Governor's Executive Order B-87-81 to defer release of funds for projects from the targeted funding sources with the following exceptions:

- a. Projects necessary to increase the capacity of correctional institutions.
- b. Projects necessary to meet licensing requirements for Federal funding.
- c. Projects to replace electrical equipment which contains polychlorinated biphenyls.
- d. Projects for which the State is legally obligated to proceed.

Savings resulting from the deferral of projects are proposed for transfer to the General Fund and many of the deferred projects are carried forward into 1982-83. One notable exception is

the proposed State building in San Francisco which is now planned as a lease-purchase project during the current year. Specific amounts transferred are indicated in the statements of fund condition pertaining to the programs affected.

TIDELANDS REVENUES

In an effort to assure that sufficient funding is available to carry out needed capital outlay and to continue to invest the revenues from California's non-renewable oil resource in renewable resources projects and new and alternative energy projects, the Governor's Budget proposes a revised distribution of the Tidelands Oil Revenues for the 1982-83 fiscal year only. The following chart reflects the current statutory authorization as well as the proposed revision.

DISTRIBUTION OF 1982-83 TIDELANDS OIL REVENUES (Figures in Thousands)

Projected Revenue	\$510,000	
Expenditures:		
	<i>Authorized Proposed</i>	
State Lands Commission and Refunds to		
Local Governments	\$8,050	\$8,050
Water Fund	25,000	14,710
Central Valley Water Project	5,000	0
Sea Grant	500	500
Capital Outlay Fund for Public Higher		
Education (COFPE)	125,000	116,000
School Lease Purchase Fund	200,000	100,000 ^a
Energy and Resources Fund	120,000 ^b	120,000
Parks and Recreation Fund	35,000 ^c	11,000
Transportation Planning and Development		
Account	25,000 ^c	0
Special Account for Capital Outlay (SAF-		
CO)	0 ^d	73,000
SAFCO—Inflation Adjustment (for prior		
year projects carried over to 1982-83)	0	5,000
Reimbursements to General Fund for Energy		
Tax Credits	0	61,740 ^e
Total Expenditures		\$510,000

^a Includes the required repayment of \$47.2 million transferred to the Special Account for Capital Outlay and the Energy and Resources Fund by Chapter 998, Statutes of 1981.

^b Current revenue estimates would only provide \$99.3 million to the Energy and Resource Fund.

^c Revenues are not sufficient to provide the authorized allocations in 1982-83.

^d Under existing law, this account is to receive all remaining funds after all prior authorizations have been met.

^e Included in this amount is \$42.0 million which is required to be transferred to the General Fund pursuant to the provisions of Chapter 899/1980.

CORRECTIONAL FACILITIES

State Prisons

In California, more criminals are going to prison and staying for longer periods. As a result of the surge in population, the prison system will require an accelerated expansion of the prison construction program. Chapter 273 places the "New Prison Construction Bond Act of 1981" on the June, 1982 ballot for voter approval. This measure would authorize \$495 million in State general obligation bonds to finance construction, renovation, remodeling and maintenance of the state's correctional facilities.

This budget includes the 5,550 bed construction program, as specifically identified in Chapter 273, as well as a second construction program for 6,300 beds which is required because of the accelerated population. Many of the augmented 6,300 beds are scheduled to come on line in 1982-83 because this second program contains relocatable facilities and camp facilities. The remaining beds are scheduled for phased-in occupancy by 1987.

This budget provides for a total of \$161.8 million for construction which is to be funded from bond proceeds authorized by Chapter 273 upon approval by the voters. Of this amount, \$92.6 million is requested for work on the four new facilities at Tehachapi, Adelanto, San Diego and Folsom and \$69.2 million is requested for the second group of augmented facilities.

The following is a summary of the projects included in the 1982-83 Budget.

	<i>Million</i>
TEHACHAPI—Construction of Units IV-A and IV-B; Support service complex; maximum security; 1,000 beds.	\$69.3
ADELANTO—Preliminary plans, working drawings; maximum security; 1,150 beds.	\$4.0
SAN DIEGO COUNTY—Preliminary plans, working drawings; medium security; 1,700 beds.	\$6.5
FOLSOM—Preliminary plans and working drawings; maximum security; 1,700 beds.	\$12.8
TEMPORARY HOUSING—Acquisition and construction (statewide) minimum and low medium security; 300 beds.	\$2.0
CALIFORNIA MEN'S COLONY—(West Facility, Phase II) New construction and reconstruction, repairs to existing facility; minimum/low medium security; 450 beds.	\$3.0
BAKER FACILITY—Repair and improve facility; minimum/low medium security; 300 beds.	\$1.5
CONTRACT MANAGEMENT—Professional management services to oversee and manage the accelerated capital outlay program.	\$1.5
MEDIUM FACILITY #1—Land acquisition (site to be determined), planning, schematics, master planning, EIR and initial studies; medium security; 1,700 beds.	\$6.6

MEDIUM FACILITY #2—Land acquisition (site to be determined), planning, schematics, master planning, EIR and initial studies; medium security; 1,700 beds.	\$6.6
RELOCATABLE PRISON—(California Medical Facility) EIR, initial studies, preliminary plans, working drawings, and construction; low medium security; 500 beds.	\$10.5
RELOCATABLE PRISON—(Deuel Vocational Institution) EIR, initial studies, preliminary plans, working drawings, and construction; low medium security; 500 beds.	\$10.5
RELOCATABLE PRISON—(Southern California) Acquisition, preliminary plans, working drawings, EIR, initial studies; medium security; 500 beds.	\$10.0
CAMPS—Land acquisition (sites to be determined), EIR, initial studies, schematics, preliminary plans, working drawings and construction; minimum security; 300 beds.	\$15.0
FRONTERA—(Women's institution) Special housing unit (relocatable-type); EIR, initial studies, construction; medium/maximum security; 50 beds.	\$2.0

Local Jails

In the 1981-82 fiscal year, \$40 million was appropriated to the County Jail Capital Expenditure Fund for local jail construction and renovation. Chapter 1351, Statutes of 1980 requires the Board of Corrections to conduct needs assessment surveys for local correctional/detention facilities. These surveys include review of facilities, incarceration practices, jail population projections, and assistance in development of architectural design/programming. The program is intended to provide local government with reliable data for purposes of making decisions on remodeling or construction of local correctional facilities. In December of 1981 the Board awarded \$20 million from the fund to counties for remodeling or construction of jail facilities. The remaining \$20 million will be awarded in March of 1982.

For the 1982-83 fiscal year, \$106 million is budgeted to provide financial assistance to local government for the construction or remodeling of jail facilities which do not meet minimum standards. The \$100 million budgeted in 1982-83 is contingent upon the passage of S.B. 910, and voter approval authorizing up to \$280 million in general obligation bonds to provide financing for the capital outlay needs of jails. These funds will be awarded to local government according to regulations established by the Board and approved by the Legislature. Included in the \$106,000,000 expenditure program is \$331,000 in support costs for the implementation and administration of this program. \$6 million represents interest earned on the initial \$40

million appropriated for the program and is available for expenditure.

As a result of inspection of local jail facilities, the Board of Corrections estimates a minimum need for approximately \$900 million to bring

facilities up to Board established standards over the next six years. It is expected that the \$106 million included in this budget will be disbursed to those local governments with the most critical jail overcrowding, health and security needs.

Bonds-Off Budget Financing

In recent years, both State and local governments in California have turned to tax exempt bonds to raise money for public purposes.

Tax exempt bonds have traditionally been used to finance the construction of public facilities like schools, roads, sewers, water systems, parks, and libraries. Over the last several years, there has been marked trend toward using tax exempt bonding authority for what have in the past been thought of as private purposes, such as middle-income housing mortgages, industrial pollution control equipment, industrial plant and machinery, and medical equipment. Since 1978, *all* of the growth in State and local borrowing in California has been for these semi-public purposes. Public borrowing for traditional purposes actually declined falling from \$2.2 billion in 1977-78 to \$1.4 billion in 1980-81. Most of the decline was at the expense of local government projects since Proposition 13 eliminated their ability to use property as the security for borrowing.

The total dollar volume of bonds issued by State and local governments had increased rapidly, from \$2.6 billion in 1977-78 to \$3.9 billion in 1979-80. In addition, the Legislature enacted programs authorizing more than \$4 billion in additional public debt during that period. During 1981, however, the expansion of public borrowing in California slowed somewhat as State and local governments issued about \$3 billion in bonds. The Legislature was also less expansive, passing only one new bond authorization bill.

This interruption in California's bond proliferation is probably temporary and due primarily to the record high level of interest rates during most of the year.

In addition to the pressures discussed above (Proposition 13, the proliferation of bonds and high interest rates), the 1981 Federal tax changes will also impact public borrowing. These changes reduce the attractiveness of tax exempt securities by lowering the maximum individual tax rates from 70 percent to 50 percent by making it much easier for individuals to create tax free retirement savings accounts and by lowering capital gains tax rates. Finally, institutions which traditionally are major buyers of public debt, such as banks and insurance companies, are at least temporarily not buying since they have less need for tax-sheltered income.

Despite the limited market for tax exempt securities, long-term financing of facilities for essential services must occur. The Legislature recognized the need for better information, analysis, and advice about the problems of California's public bond market this last year by creating the California Debt Advisory Commission, chaired by the Treasurer. This commission may serve as the focal point for developing proposals to more carefully ration public borrowing. Highest priority should be given to voter-approved bonds and all levels of government must cooperate in the solution to the construction and maintenance needs of public facilities.

Local Government Fiscal Relief

Proposition 13, which reduced local property taxes by more than 50 percent, was approved by California voters in June 1978. Some of the reduced revenue was replaced by the State. This was possible because of State budget cuts and the strong economy, which had allowed the State to accumulate a surplus in earlier years. In 1978-79 the Legislature enacted a one-year local government fiscal relief package which provided about \$4.4 billion to cities, counties, special districts and schools.

In 1979, AB 8, a long-term local financing measure, was adopted. It provided funding for the transfer of a portion of school district property taxes to cities, counties and special districts and increased State aid to school districts to make up for lost property tax revenue. In addition, the State assumed certain county costs for health and welfare programs. In recognition of the fact that the State might not have sufficient resources to maintain the level of relief provided in AB 8, the Legislature provided an automatic deflator to reduce the amount of local relief if State revenues did not grow at a given rate.

In 1981, SB 102 provided reductions to local government in lieu of the deflator which would have reduced subventions to cities and counties by over a billion dollars. SB 102 eliminated three local subventions and made a one-time reduction of \$131.3 million in vehicle license fees in proportion to the AB 8 property tax shift. The amount calculated for each city and county was capped by a specified per capita dollar reduction and was also offset by net county costs of SB 633 health and welfare program funding changes. The major provisions of SB 633 reinstated a county match for mental health, drug and alcohol programs; created a county share for In-Home Supportive Services; and provided program reductions in Aid for Dependent Children.

These reductions were intended to limit city and county revenue growth to about 7.5 percent. Because of the decline in the economy, revenue growth was held to about 3.5 percent.

The AB 8 deflator was amended by SB 102 in 1981 to provide a new base amount in line with

current revenue estimates. It also excluded from available revenues the amount required in the budget year to replace Federal Government funding cuts made in the 1981-82 fiscal year.

The following is an estimate of the effect of the deflator on local government in 1982-83 under current law.

AB 8 Deflator Estimated Impact 1982-83

	(Dollars in millions)
Base Year Amount	\$21,500
Estimated Percent Increase:	
Per Capita Personal Income	
(4th Quarter, 1981 over 4th Quarter 1980)	8.0
Population	x 1.9
Compounded Percentage Increase	10.0%
Adjusted Base Amount (\$21,500 x 1.10)	\$23,650
Estimated: General Fund Revenues and Transfers	\$23,130 ^a
Less AB 66 Revenues	202
Less Replacement of Federal Funds	71
Total	\$22,857
Amount of Reductions Allocable to School and Local Government Subventions	\$793

^aDoes not include the \$450 million transfer of vehicle license fees included in this proposal.

It is proposed that in lieu of activating the deflator, a one-time reduction of \$450 million be made to cities and counties. To partially offset these reductions, several measures are proposed to authorize cities and counties to obtain additional revenues.

The speed-up of quarterly sales tax payments as described in the Overview Section will provide an increase of about \$64 million to cities and \$16 million to counties in the budget year.

In addition, it is proposed that counties be authorized to reduce inequities in the assessment of property taxes. Under Proposition 13, property is reassessed to full market value only upon change-of-ownership or when newly constructed. Current law provides that this reassessment occurs only on the lien date (March 1) for the next fiscal year beginning July 1. Thus if a property is newly constructed or changes ownership on a date subsequent to March 1 but prior to July 1, no increase in property taxes occurs until

two fiscal years succeeding the reassessment trigger. It is proposed that any new construction or change of ownership that occurs be reflected in full for the following fiscal year. In addition, property that is newly constructed or changes ownership between July 1 and December 31 would be reappraised and taxed for half the fiscal year.

These changes, if implemented by all counties, would increase revenues for cities and counties by \$245 million per year. In recognition of county administrative costs, counties would be allowed to retain 2 percent of the increased revenues prior to the normal property tax allocation (\$9.6 million). In addition, special districts would receive about \$30 million in increased taxes. Although this provision could increase property taxes by a total of \$480 million, the \$205 million that would go to schools has not been reflected in funding for schools because the program is optional.

It is also proposed that counties be authorized to levy several new fees to cover certain program costs. County Agricultural Commissioners and Sealers would be allowed to levy fees to cover the costs of certain agricultural programs and costs associated with weights and measures regulations.

In addition, air pollution control districts would be authorized to assess fees for the issuance of permits and variances to cover the costs of district operations.

Of the \$450 million reduction in local government fiscal relief, it is proposed that cities be reduced by \$250 million. Including the proposed revenue measures, aggregate city discretionary revenues would increase by 10.5 percent over 1981-82. This would equal an annual average growth of 6.9 percent since 1980-81.

It is proposed that counties be reduced by \$200 million. Including revenue measures, county revenues would increase by 10.8 percent over 1981-82. This equals an annual average growth of 7.2 percent since 1980-81. County discretionary revenues have been adjusted for the county share of State health and welfare program costs. Included in this figure is an estimat-

ed \$25 million for increased costs in providing medical care because of State Medi-Cal program reductions.

It is proposed that the mechanism for the reduction in local government fiscal relief be through a reduction in vehicle license fee subventions.

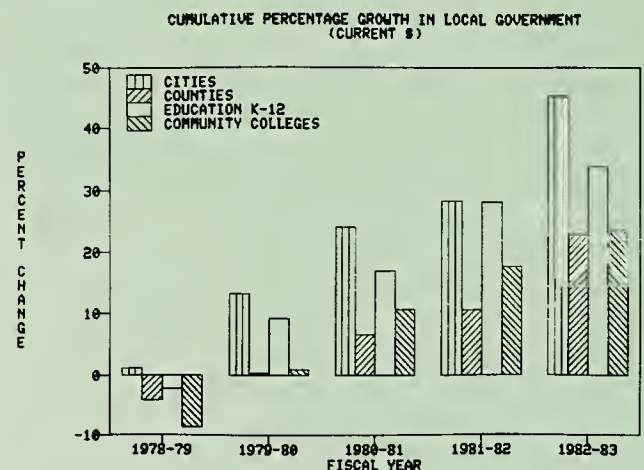
Further, if a city or county has discretionary revenue growth less than 5 percent and can demonstrate this to the State, it is proposed that the vehicle license fee subvention reductions will be restored to bring discretionary revenue growth up to 5 percent.

The following shows the effect of these proposals on local governments in 1982-83:

	Cities	Counties	Special Districts	Total
Local Government Fiscal Relief.....	-\$250	-\$200	-	-\$450
Sales tax speed-up	+64	+16	-	+80
Property tax optional provisions	+66	+179	+30	+275
	-\$120	-\$5	+\$30	-\$95

This table does not reflect the ongoing increased county health and welfare costs of SB 633 of about \$50 million or the increased medical care costs of about \$25 million.

The following tables provide a summary of local government fiscal relief and estimates of unrestricted local government revenues. The data provided show the latest information available and are consistent with the economic assumptions used in the development of the State budget.



**LOCAL FISCAL RELIEF
GENERAL FUND COST SUMMARY**
(In millions)

	1978-79	1979-80	1980-81	1981-82	1982-83
Health and Welfare					
AFDC-Family Payments	\$244	\$208	\$259	\$293	\$307
BHI Payments	79	84	102	109	113
Administration	85	-	-	-	-
SSI/SSP	182	207	244	277	310
Food Stamp Administration	22	-	-	-	-
Medi-Cal	459	522	615	699	782
County Health Services	-	265	313	363	355
Waiver of State Hospital Match	-	6	-	-	-
Other	-	17	18	7	8
Total	\$1,071	\$1,309	\$1,551	\$1,748	\$1,875
Local Government Property Taxes					
Shifted from Schools to Other					
Local Government	-	\$782	\$921	\$1,046	\$1,172
One Time Adjustment					
Block Grants:					
Counties	\$436	-	-	-	-
Cities	250	-	-	-	-
Special Districts	190	-	-	-	-
Total	\$876	-	-	-	-
Reduction in Subventions					
Counties	-	-\$17	-	-\$27	-\$200
Cities	-	-21	-	-149	-250
Total	-	-\$38	-	-\$176	-\$450
Schools					
Fiscal Relief, Education	\$2,453	\$3,595	\$3,971	\$4,368	\$4,824
Property Tax shifted to other local governments	-	-782	-921	-1,046	-1,172
Total	\$2,453	\$2,813	\$3,050	\$3,322	\$3,652
Total, Local Fiscal Relief	\$4,400	\$4,866	\$5,522	\$5,940	\$6,249

SUMMARY OF LOCAL REVENUES BEFORE AND AFTER PROPOSITION 13
(Dollar amounts in millions and expenditures per ADA in dollars)

<i>Local Agencies</i>	<i>1977-78</i>	<i>1978-79</i>	<i>1979-80</i>	<i>1980-81</i>	<i>1981-82</i>	<i>1982-83</i>
Counties						
Property Tax ^a	\$3,358.1	\$1,515.4	\$2,007.8	\$2,306.6	\$2,567.2	\$3,071.4 ^b
Sales Tax	224.6	246.3	282.5	304.5	330.4	390.0 ^c
Vehicle License Fees	235.5	268.5	318.8	335.4	334.0	191.0 ^d
Other Revenues.....	859.2	1,045.4	1,243.3	1,196.0	1,145.1	1,184.5
Block Grant.....	—	424.2	—	—	—	—
Total.....	\$4,677.4	\$3,499.8	\$3,852.4	\$4,142.5	\$4,376.7	\$4,836.9
Less Mandated Health and Welfare Costs	—1,067.5	—36.3	—228.4	—288.6	—379.5	—409.0
Adjusted Total	\$3,609.9	\$3,463.5	\$3,624.0	\$3,853.9	\$3,997.2	\$4,427.9
Cities						
Property Tax ^a	\$1,177.3	\$572.4	\$798.8	\$942.1	\$1,050.1	\$1,179.4 ^b
Sales Tax	876.2	996.6	1,142.8	1,231.9	1,336.6	1,577.0 ^c
Vehicle License Fees	212.4	239.8	296.8	312.2	221.4	114.0 ^d
Other Revenues.....	1,295.9	1,571.7	1,794.0	1,936.1	1,964.3	2,181.1
Block Grant.....	—	220.8	—	—	—	—
Total.....	\$3,561.8	\$3,601.3	\$4,032.4	\$4,422.3	\$4,572.4	\$5,051.5
Special Districts						
Property Tax ^a	\$905.0	\$362.0	\$618.0	\$728.0	\$827.0	\$956.2 ^b
Block Grant.....	—	190.0	—	—	—	—
Total.....	\$905.0	\$552.0	\$618.0	\$728.0	\$827.0	\$956.2
Education						
K-12 and County Offices:						
Property Tax ^a	\$4,957.0	\$2,249.5	\$1,845.6	\$1,997.6	\$2,633.6	\$2,515.3
State Assumption of Program Costs	—	2,193.0	3,187.0	3,522.0	3,874.0	4,281.0
State Apportionments.....	2,394.8	2,659.7	2,788.7	2,376.9	2,126.4	2,205.1
Categorical Aid.....	491.4	566.9	746.2	1,283.3	1,412.1	1,473.2
Total.....	\$7,843.2	\$7,669.1	\$8,567.5	\$9,179.8	\$10,046.1	\$10,474.6
ADA.....	4,673,800	4,292,700	4,223,400	4,205,200	4,248,100	4,262,600
Expenditures per ADA	\$1,678	\$1,787	\$2,029	\$2,183	\$2,365	\$2,457
Community Colleges:						
Property Tax ^a	\$743.0	\$341.0	\$263.0	\$308.0	\$405.8	\$383.9
State Assumption of Program Costs	—	260.0	408.0	448.8	493.7	543.0
State Apportionments.....	473.0	533.4	584.0	617.1	559.9	605.8
Total.....	\$1,216.0	\$1,134.4	\$1,255.0	\$1,373.9	\$1,459.4	\$1,532.7
ADA.....	717,481	634,972	670,200	727,768	740,795	747,595
Expenditures per ADA	\$1,695	\$1,787	\$1,873	\$1,888	\$1,970	\$2,050

^a Property tax revenue includes reimbursement for the Homeowners' and Business Inventory Exemptions.

^b Includes the following revenues for the proposed property tax measure: (1) counties—\$9.6 million for administrative costs and \$169.3 million in increased property tax revenues, (2) cities—\$65.9 million, and (3) special districts—\$30 million.

^c Includes \$16 million for counties and \$64 million for cities for the proposed sales tax speed-up.

^d Reduced by \$200 million for counties and \$250 million for cities for the proposed reduction in vehicle license fees.

Program Reductions

The 1982–83 Budget includes various program reductions which are explained in each affected budget. Following are some of the significant changes being proposed:

Medi-Cal

The increasing expenditures in the Medi-Cal program reflect the inflationary cost of the overall health care system. Last year, nearly \$1 of every \$10 Americans spent went for health care. In California alone, nearly \$27 billion was spent on medical services—a per capita cost of about \$1,150 for every man, woman and child in the State. Only five years ago, this cost was \$15.6 billion or \$725 per capita.

Both the Administration and the Legislature have attempted to slow this rate of increase. Study groups such as the Governor's Special Committee on Health Care Costs and the Legislature's Health Policy Forum have proposed a variety of actions. For Medi-Cal in particular, some controls have been enacted which have been effective in controlling the rate of increase in Medi-Cal costs. However, additional, more stringent measures are necessary this year in order to bring expenditures within the limits of available resources. In addition to these program reductions the Administration proposes to work with the Legislature to achieve longer range reforms in the costs of health care generally and in the Medi-Cal program in particular.

In proposing the following measures, the Administration has attempted to treat all elements of the program as equitably as possible. Proposals are therefore made for changes in administrative controls, eligibility, benefits, and rates of payment. Together, these measures will save an estimated \$313.4 million (\$169.2 million GF) in 1982–83.

Administrative Controls

- *More Rapid Recovery of Overpayments to Providers.* Current law prevents the collection of audit determined overpayments from providers if the audit has been appealed. The current appeal process takes two to three years to complete. This measure would provide for State recovery upon completion of an audit with the State paying interest to providers on amounts settled in their favor. Savings are estimated to be \$10.0 million (\$5.9 million GF).
- *Utilization Controls.* This measure will tighten utilization controls on the California Dental Services by increasing prior authorization requirements to cover more procedures. This will save \$4.2 million (\$2.0 million GF).
- *Tighten Definition of Medical Necessity.* Currently, the Medi-Cal program pays for all health care services which have a medical indication of need, including services which are essentially elective in nature and could be postponed. This proposal would restrict coverage for one year to only those preventive or curative services which are determined to be necessary for protection of life or prevention of significant disability. Savings are estimated to be \$4.3 million (\$2.4 million GF) for 1982–83.

Rates of Payment

A savings of \$159.5 million (\$80 million GF) will be achieved through modifications in the current rates of payment to providers, including a combination of elimination of the COLA for some providers and a reduction in the rates of payment for others. The objective will be to treat all provider groups as equitably as possible while maintaining access to high priority services by beneficiaries and protecting efficient providers

who serve large volumes of Medi-Cal patients. In addition, high priority services such as prenatal and maternity care, CHDP, family planning and primary care will be preserved as much as possible. The Administration will work with the Legislature and provider groups to determine the specific procedure for achieving this reduction as well as to identify other alternatives which would allow for some provider rate increase which does not further reduce the level of services to beneficiaries.

Eligibility

- *Requiring Parental Financial Responsibility for Children to Age 21.* Generally, parents are now financially responsible only for children under 21 who are living in the parents' home. This change makes parents responsible for all their unmarried children under age 21 regardless of the child's living circumstances, unless parental financial responsibility has been removed through legal actions such as foster care placement. Savings are estimated to be \$4.0 million (\$2.0 million GF) in 1982-83.
- *Elimination of Three-Month Retroactive Eligibility of Medically Indigent Adults.* This change would limit coverage for Medically Indigent Adults (MIAs), a totally State-funded program, to the month of application rather than three months prior as is current practice. Savings from this proposal are estimated to be \$5.3 million (all GF) in 1982-83.
- *Postponement of Eligibility Pending Verification of Statements.* This change would delay eligibility for Medi-Cal until applicants present verification supporting statements on their applications concerning the value of real property owned, the value of personal property, and private health insurance coverage. Savings are estimated to be \$3.0 million (\$2.1 million GF) in 1982-83.
- *Reduction of Maintenance Need Level from 115 percent to 100 Percent of AFDC Cash Payment Amount.* The Medi-Cal maintenance need is that part of a person's or family's monthly income which is reserved for expenses of daily

living, including shelter, food and clothing. This change would reduce the maintenance need level from 115 percent to 100 percent of the AFDC cash grant level, increasing the recipient's own contribution to his medical care. Savings are estimated to be \$25.5 million (\$17.6 million GF) in 1982-83.

Benefits

- *Limitation of Dental Benefits.* This change would limit dental benefits for adults to emergency care and prosthesis (dentures and their repair). Savings are estimated to be \$80.0 million (\$34.3 million GF) in 1982-83.
- *Suspension of MIA Benefits.* Currently, all Medi-Cal beneficiaries receive the same benefits. This measure reduces benefits for MIAs for one year by suspending coverage of a variety of outpatient optional services. Savings are estimated to be \$17.6 million (all GF) for 1982-83.

Long Range Reform

The State must address long range reform of the Medi-Cal program. Several pilot projects and studies authorized by the Legislature are under way and will be evaluated for their application to long range reform, including prospective payments to hospitals, county budget managed health systems, contracting with selected providers, primary case management, increased emphasis on organized health systems and risk sharing approaches.

In addition, the Administration recommends special study and reevaluation of the Medically Indigent Adult program, a program for which no Federal matching funds are available.

The Administration will work with the Legislature on a plan to substitute county-organized health programs for the delivery of services to MIAs. This change would reduce the potential for over-utilization present in the fee-for-service delivery system and would take advantage of the potential for reduced costs offered by high volume providers. This proposal will be further developed over the next few months in conjunction with the Legislature.

MEDI-CAL SAVINGS MEASURES
(\$ in Thousands)

	<i>Proposal</i>	<i>1982-83 Savings</i>	
		<i>Program Savings</i>	<i>GF Savings</i>
I. Administrative Controls			
A. Recover provider overpayments faster		\$10,000	\$5,900
B. Tighten utilization controls on California Dental Services by increasing prior authorization.....		\$4,200	\$2,000
C. Tighten definition of medical necessity		\$4,300	\$2,400
II. Rates of Payment		\$159,500	\$80,000
III. Eligibility			
A. Require parental financial responsibility for children to age 21		\$4,000	\$2,000
B. Eliminate 3-month retroactive eligibility for Medically Indigent Adults		\$5,300	\$5,300
C. Postpone eligibility pending verification of statements.....		\$3,000	\$2,100
D. Reduce maintenance need level from 115% to 100% of AFDC cash payment amount		\$25,500	\$17,600
IV. Benefits			
A. Limit adult dental benefits to emergencies, dentures, and their repair		\$80,000	\$34,300
B. Suspension of MIA benefits.....		\$17,600	\$17,600
TOTAL		\$313,400	\$169,200

EDUCATION

Recognizing the need for continued emphasis on excellence in education in California, the budget provides full statutory cost-of-living adjustments for K-12 apportionments, special education, and community colleges amounting to \$647.9 million, the largest dollar level included in the 1982-83 Budget. In addition, the Budget proposes to exempt the CSU and UC systems from half of the 5 percent reductions in State operations required of State agencies.

It is critical for the long range economic development of our state that our students in K-12 and higher education are provided high quality science, engineering, math and computer instruction. Therefore, the Budget proposes augmentations for the following:

- teacher training and curriculum development designed to improve math, science and computer instruction in the K-12 system;
- engineering, computer and related science education at the university level;
- employment based vocational education programs and technical centers designed to improve training at the community colleges in the new careers of the 1980's.

Nevertheless, efficiencies in programs must be addressed in education. Therefore, the following reductions are proposed.

K-12

The Education, K-12 budget contains several proposals necessary to balance the Governor's Budget. Adjustments to the School Apportionments program element include marginal funding of increased average daily attendance; reducing the amount of State and local revenues districts are guaranteed for general educational purposes from 102 percent to 100 percent of their prior-year revenues; reducing district and county office revenues by 10 percent of local rental, lease, and interest income; reducing county office revenues intended for capital outlay purposes; and restraining funded adult ADA growth in county superintendents' regional occupational centers and programs to 2.5 percent per annum. For the Adult Education program

element, the budget eliminates funding for the statutorily permissible 2.5 percent high school adult ADA growth.

Total program savings as a result of these reductions are estimated to be approximately \$71 million, representing less than 1 percent of the total State and local general purpose aid. In addition, \$82.8 million of excess repayments which normally go to the State School Building Aid Fund, will be transferred to the General Fund. This transfer to the General Fund does not affect the direct educational services provided to children.

Additionally, the Budget limits funding for special education enrollment increases. During 1980-81, special education entitlements exceeded available funding by \$87 million, which was prorated across all local education agencies operating special education programs in 1980-81. Chapter 1094/81 (SB 769) was enacted to control the growth of special education expenditures and to reduce formula-driven funding entitlements to more closely match the funding available. Despite this legislation, district entitlements are estimated to exceed available funding by \$24.7 million during the 1981-82 fiscal year. Because of this situation, the 1982-83 Governor's Budget proposes to limit State-funded special education instructional units to their 1981-82 levels.

Marginal Funding of Increased ADA —\$25,800,000

Under current law the K-12 funding formula provides full funding for each additional unit of average daily attendance generated by a school district. Because districts do not incur additional fixed costs in the initial year of small increases in ADA and because new teachers are hired at the lower salary ranges, the 1982-83 Budget proposes to fund increased ADA at 67 percent of the full entitlement per ADA for the initial year of the increase. In subsequent years, ADA growth occurring in 1982-83 will be funded at the full entitlement levels. Marginal funding of K-12 ADA is consistent with the manner in which ADA increases are funded in the California Community College system.

Minimum Revenue Guarantee..... —\$13,600,000

Current law guarantees that a school district receive State and local general-purpose revenue equal to at least 102 percent of its prior year revenue. The 1982–83 Budget proposes to change this provision to guarantee that school districts receive a minimum of 100 percent of its prior year revenue. This proposal allows the State to more effectively meet the Serrano court mandate while assuring districts a specific level of revenue to meet on-going program costs. \$24.5 million is budgeted for the proposed 100 percent guarantee.

Local Rental, Lease, and Interest Revenues
—\$16,000,000

Under current law, State general education aid to school districts and county offices of education is determined by subtracting available local resources from the local agencies' computed statutory maximum educational revenues. Two major income items not currently considered as local resources for the purpose of determining State general education aid are (1) income from rentals and lease of school facilities and equipment, and (2) income from interest earned on invested cash balances. The 1982–83 Budget proposes to offset State general education aid by 10 percent (\$16 million) of such revenues accruing to school districts and county offices of education in the 1981–82 fiscal year.

County Offices of Education, Capital Outlay
—\$10,000,000

Current law provides annual funding for county offices of education capital outlay and new equipment purchases. Recognizing that capital outlay and equipment purchases are not recurring annual expenses, the 1982–83 Budget proposes to reduce this funding by \$10 million. The Budget will still provide \$6.3 million for the purchase of new and additional equipment. In addition, county offices may apply to the State Allocation Board for major construction needs.

Regional Occupational Centers and Programs
—\$1,700,000

Whereas current law limits adult ADA growth in district-operated regional occupational centers and programs to 2.5 percent per year, it does not limit adult ADA growth in regional

occupation centers and programs operated by county offices of education. To aid in balancing the budget and to be more consistent with State policy for district-operated adult programs, the 1982–83 Budget proposes to restrain State funded adult ADA growth in county-operated regional occupational centers and programs to a 2.5 percent increase over the 1981–82 fiscal year level. Even with this reduction, the 1982–83 Budget provides \$22.8 million for an estimated 11,000 adults in these programs.

Adult Education..... —\$4,300,000

Current law (Chapter 100, Statutes of 1981) provides for a 2.5 percent per annum growth in State-funded adult average daily attendance. The 1982–83 Budget proposes to reduce the adult education block entitlement by \$4.3 million by not providing funding for the statutorily allowable 2.5 percent ADA growth. The Budget provides \$164.1 million for high school adult education apportionments in 1982–83.

State School Building Aid Program (Excess Repayment) —\$82,800,000

It is proposed for 1982–83 only to transfer the excess repayments, to the General Fund. These are repayments of loans from the State to school districts which were made during the boom years in school construction. School Districts make the repayments from bonds sold at the local level and which were authorized by the local electorates. These repayments would normally be used for construction and maintenance of schools.

COMMUNITY COLLEGES

Present community college finance law calls for a 5 percent cost-of-living adjustment in 1982–83 for the average revenue per average daily attendance (ADA) of students enrolled in credit courses. The law also limits State support for total ADA growth to a maximum of 2.5 percent in 1982–83 over 1981–82 subject to funds being appropriated by the Legislature for that purpose.

Community Colleges ADA Growth—\$23,500,000

The Governor's Budget includes \$64.9 million for the Community College statutory 5 percent COLA but, because of strict budgetary con-

straints, the \$23.5 million necessary to fund general ADA growth of 2.5 percent is not included in the budget.

Higher Education

Although other education reductions were primarily in Local Assistance, the budget reductions for the University of California and California State University occurred in State Operations and are discussed below:

UNIVERSITY OF CALIFORNIA

The University of California was required to reduce its 1982-83 baseline budget by \$29.3 million. Generally, this reduction is proposed by the University to be taken in the following manner:

- Reductions to general campus and health sciences instructional programs and health sciences organized activities — \$4,700,000
- Reductions to public service and institutional support programs — 4,000,000
- Shift of program costs from General Fund to Student Fee financing — 12,200,000

- Adjustments to reflect savings from self-insurance programs and an anticipated increase in overhead allowance rates on Federal contracts and grants — 8,400,000

Full details on the impact of this reduction on the various programs will be provided to the Legislative Budget Committees prior to the hearings on the University's budget. However, it has been determined that an increase in the Student Education Fee of \$100 per year will be used to finance \$12.2 million of the required reduction.

CALIFORNIA STATE UNIVERSITY

The 1982-83 Governor's Budget proposes a \$25.2 million General Fund reduction to the California State University's normal 1982-83 base budget. It is proposed that \$13.1 million of the reduction be offset by a \$55 per FTE student fee increase. The details of the remaining \$12.1 million will be provided to the Legislative Budget Committees prior to hearings on CSUs budget.

STATE OPERATIONS

To balance the budget's normal caseload, population, and enrollment increases could not be accommodated along with cost-of-living adjustments for statutory and discretionary programs without other extraordinary measures to provide additional General Fund dollars. Instructions were issued requiring departments to prepare 1982-83 baseline budgets reduced by 5 percent. Initial exemptions were granted to debt service, emergency fund, workers' compensation benefits, health benefits for annuitants and 24-hour care facilities.

SUMMARY 1982-83 BUDGET REDUCTIONS

General Fund (Dollars in Thousands)

<i>Functions</i>	<i>Amount</i>
Executive	\$10,679
State and Consumer Services	6,920
Business, Transportation and Housing	2,648 *
Resources	9,895
Health and Welfare	12,471
Youth and Adult Correctional	3,917
Education	61,685
General Government	6,842
Total	\$115,057

Departments were granted discretion in identifying which activities were to be reduced. Although these varied from department to department, the most common methods for obtaining the services included increasing backlogs, delaying program implementation, reducing loan and grant funds, delaying hiring to fill vacant positions, increasing fee schedules, reducing operating expenses such as travel, equipment and consultant services.

FEDERAL BUDGET REDUCTIONS

Historically, Federal funds have accounted for approximately 25 percent of the total funds authorized for expenditure through the annual State Budget process. In addition, a substantial amount of funds have gone directly from the Federal Government to local entities and individuals in California. These funds cover, to some extent, almost all program areas with the

* Includes \$210 thousand in Local Assistance reductions in the Department of Housing and Community Development.

Federal funds being the major, or at least an equal part of a program in many instances, and only a minor supplement in other areas. Basically, these Federal funds come to the State in two ways:

1. **Entitlements**—These are the programs such as Aid to Families With Dependent Children (AFDC), Unemployment Insurance or Medi-Cal where, if an individual meets certain Federal/State criteria, then he or she is entitled to a specific level of assistance or service. These are open-ended programs whereby the total cost to the Federal Government (and in most cases the State when it is required to share program costs) is determined by the number of persons who qualify. The only way to control costs is to reduce benefits and/or tighten eligibility, or as the Federal Government did in some cases this year, shift a portion of its share of the cost to the States or local governments.
2. **Categorical Programs**—These are programs aimed at specific areas. In these instances, the State or local government receiving the categorical funds is required to spend the funds, and matching funds which are usually required, in specific ways.

It is because of the pervasive nature of the Federal involvement in, and funding of, State and local programs that the recent actions taken by the Federal Government have a substantial impact on the State, local entities, and individuals dependent upon government for services. In discussing the impact of Federal changes, it is important to understand the differences between the Federal budget system and that used in California. Unlike California, the Federal Government does not act upon a single budget bill but divides the Federal budget into a series of appropriation bills developed along program lines such as Defense, Health and Human Services, Labor and Education, Agriculture, etc. These bills are handled by separate committees and are acted upon at different times of the year. The

maximum level of appropriation bills, except for open-ended entitlement programs, is contained in separate authorization bills. These bills are usually the statutory authority for any program and provides for a multi-year funding or authorization level. This level sets the maximum for the annual appropriations which can be below this level. Normally, the authorization bills are passed at different times.

This year, however, the Administration and its supporters in Congress chose to use what is called a Budget Reconciliation Bill as a means of passing a revised authorization level for almost all programs in one bill. This was the bill known as the "Omnibus Budget Reconciliation Act of 1981" and not only set revised authorization levels for most programs for the 1982, 1983 and 1984 Federal fiscal years but made substantial changes in the laws governing these programs.

However, this was still only an authorization act and to make any Federal funds available after the start of the Federal fiscal year beginning October 1, 1981, Congress had to pass specific appropriation measures. Since none had been passed by that date and since the situation was further complicated when the President asked, in September, for more cuts to offset an increasing Federal deficit, a continuing resolution effective for just under two months was passed. Continuing resolutions authorize Federal Government agencies to continue spending in a new fiscal year at the level of the previous fiscal year pending a new appropriation. In this case, it authorized spending up to the previous year's level, or the level authorized in the Reconciliation Act, or appropriation bills being considered in each House, whichever was lower. Because of the limited nature of the continuing resolution, the President's request for further cuts and the authority in the resolution to spend up to a certain level, levels of funding available October 1, 1981 and for the balance of the fiscal year were very confused. This limited continuing resolution was followed by another continuing resolution that was vetoed by the President, then one lasting two weeks and finally one adopted on December 11, 1981. This last continuing resolution is effective through March 31, 1982 and makes additional cuts to the levels authorized for programs in the Reconciliation Act.

While we cannot, due to the continuing uncer-

tainties of the Federal budget process, state the exact amount of Federal funds which have been lost to California, a reasonable estimate of the total loss in State, local and direct payments to individuals in California is at least \$1.5 billion on an annualized basis.

Of this total, the largest portion of the reductions come in the Health, Welfare and Employment areas. CETA-Public Service Employment, accounts for a loss some \$300 million of which 90 percent were funds going directly to local entities. Other large areas of reduction include an AFDC reduction of approximately \$180 million in Federal, State and county funds, cuts in Title XX Social Services (this program supports In-Home Supportive Services and other adult and child protective services), Food Stamps and a shift of Federal Medi-Cal costs to the State. Additional areas of major reduction include education, housing assistance, economic and business grants and mass transit assistance. Smaller reductions were made in other programs such as Parks and Recreation, Coastal Commission and several others. The detailed budgets discuss these impacts to the extent facts about them are available. Since the latest Federal action was taken in mid to late December, much of the specific information necessary to make firm estimates was not available in time for inclusion in the budget.

It is argued by some in the Federal Government that viewed solely from the perspective of California's economy, this loss of Federal expenditures in the State is offset, or nearly so, by the infusion in the State's economy of the additional dollars retained by the people of the State due to Federal tax reductions. While this may be true in an overall economic sense, it is also true that these program reductions and accompanying tax reductions constitutes an income transfer from those in society who are most needy to those in the State who are better off and, in some cases, much better off. Some of the impacts of this income transfer on the poorer citizens of Californians are:

1. 8,000 fewer rent subsidized housing units.
2. Reduced or eliminated In-Home Supportive Services to approximately 15,000 aged, blind and disabled.
3. Elimination of 122,000 persons from AFDC and reduced benefits to another 330,000 out of 1,500,000 recipients.

4. Reduced Food Stamp benefits to all 360,000 California households receiving food stamps and elimination of benefits for 16,500 households.
5. Elimination of unemployment benefits to some 27,000 persons leaving military services.
6. Loss of some 32,000 entry-level jobs in public service directed at assisting the poor and minorities in finding permanent employment.
7. Loss of job placements for over 30,000 unemployed persons due to reduction in EDD employment assistance programs.
8. Loss of some 700 additional youth employment job slots.
9. Elimination or delay in rehabilitation services for about 7,500 blind, deaf or disabled persons.

FEDERAL BLOCK GRANTS

The Federal Government's Omnibus Budget Reconciliation Act of 1981 provided that 57 categorical programs be combined into nine block grants to be made available to the States at a reduced funding level for the Federal Fiscal Year which began on October 1, 1981. As proposed, this conversion from categorical programs to block grants was to accomplish savings by reducing Federal requirements and thereby reducing red tape and both State and Federal administrative costs. At the same time, it was intended to allow States the flexibility to focus the reduced funds in those areas where the States felt their priorities to be the highest. As finally passed by the Congress, the nine block grants, while increasing flexibility to some extent, continued many of the previous categorical requirements including, in some instances, maintenance of effort, reporting, prior Federal approval, and matching requirements. The net result in many cases is that the block grant represents the same or a combination of categorical programs but with substantially less funding than was available in prior years.

The Reconciliation Act also provided that the

States had the option, during the 1982 Federal fiscal year, of accepting the block grants or having the Federal Government continue to administer the block grants as categorical programs and prorate the reduced funding on the basis of the categorical allotments of the previous (1981) fiscal year. At the end of the 1981 regular session, the Legislature passed AB 2185 (Chapter 1186/81) which directed that the State take over only two block grants during the 1981-82 State fiscal year and directed that the balance of the block grants not be accepted until 1982-83. The two block grants which the bill directed be accepted this year are the Title XX Social Services grant and the Low Income Home Energy Assistance Program (LIHEAP). The remaining block grants are proposed to be accepted effective October 1, 1982. The acceptance at this time would coincide with the Federal fiscal year and provide for a smoother transition. The one exception is the primary care grant which is the only one which the Reconciliation Act clearly provides may be administered by the Federal Government after October 1, 1982. The activities and funds contained in this grant have always gone directly from the Federal Government to the local entities carrying out these activities. In addition, for the State to accept the grant would require a new General Fund match of 20 percent in 1982-83 and 33 $\frac{1}{3}$ percent in 1983-84 and no grant funds can be used for State Administration. Therefore, it is proposed that the State should allow the Federal Government to continue its administration of this block grant.

The following table lists all the block grants and shows: (1) the amount estimated to be received in 1981-82 both by the State and directly by local entities from categorical programs before the adoption of the Reconciliation Act; (2) the adjusted total for 1981-82 after the Reconciliation Act; (3) the adjusted amount estimated to be received by the State in 1981-82; (4) the estimated level of the block grants in 1982-83 based upon the 1983 authorization levels, and (5) the proposed amount and percentage of State administration for each block grant.

SUMMARY OF BLOCK GRANTS TO BE RECEIVED IN CALIFORNIA IN 1982-83
(\$ in Thousands)

Title	1981-82 Planned Before Federal Reductions	1981-82 Adjustment	1981-82 Adjustment State Only Share	1982-83 Proposed	1982-83 Admin. \$	% of Total
1. Title XX ¹	\$322,754	\$265,302	\$265,302	\$254,555	(9,378GF)	N/A
2. Low Income Energy Assistance ¹	80,883	80,640	80,640	80,640	4,536	5.6%
3. Alcohol and Drug ²	34,000	39,554	30,854	32,737	2,577	7.9%
4. Mental Health ²	18,044	17,876	—	14,280	1,428	10.0%
5. Community Services Agency	32,830	32,830	—	31,536	1,577	5.0%
6. Maternal and Child Health	23,515	21,336	17,526	21,336	582	3.3%
7. Preventive Health	7,160	6,724	4,539	6,829	211	4.6%
8. Primary Care ³	22,904	22,904	—	(22,904)	N/A	N/A
9. Housing and Community Development	27,000	23,000	—	23,000	542	2.4%
					(205GF)	
10. Education ⁴	65,046	65,046	41,959	42,000	8,400	20.0%

¹ Only block grants accepted by California in 1981-82. Remainder continued to be administered as categorical programs by Federal Government until California takes over as block grants on October 1, 1982.

² Two parts of the Alcohol, Drug and Mental Health block grants are shown separately since they are to be administered by separate departments.

³ California does not propose to take over this block grant.

⁴ Begins as block grant on October 1, 1982. Continues as categorical program until then.

The amounts estimated for 1982-83 are based upon authorization levels and are, therefore, subject to considerable change in the 1983 Budget yet to be proposed by the President and acted upon by the Congress. In addition, the amounts for 1981-82 are still somewhat tentative since, with one exception, no 1982 appropriations have been made in this area. The programs are currently being funded by a continuing resolution which runs through March 31, 1982. At that time, either full-year appropriations or new continuing resolutions will have to be passed to continue funding for these programs. It should be noted that the current

continuing resolution has a reduced level of funding for the 1982 fiscal year for several of these block grants. This reduced level will probably be retained for the balance of this fiscal year and most likely will reduce the amounts now estimated for 1982-83.

Due to the uncertainties as to the funding levels and the lateness of Federal rules and regulations governing these block grants, the specifics of several proposals are incomplete. Therefore, more specific information will be provided before or during legislative hearings. The traditional A pages contain a discussion of the 1982-83 budget proposals for each block grant.

Cost-of-Living Adjustments

Cost-of-living adjustments have become an important part of the Budget. First they are the major part of every Budget increase. Secondly, inflation, which the COLAs are supposed to offset, affects those who receive payment for providing government services and direct recipients the same as the general population. This directly affects their ability to retain purchasing power.

Prior to 1977-78, COLAs were not a major discussion issue. Government was growing close to the rate of inflation and COLAs were being provided generally at or above the inflation levels.

Since the 1977-78 this situation has changed dramatically. Each year since 1977-78 COLAs have been under statutory and maintenance of inflation levels.

This year is no different, full statutory COLA plus a maintenance of inflation for the remainder would cost more than \$1.9 billion. This Budget proposes a \$400 million reduction from the amount required to maintain levels.

While the total amount for all COLAs has been reduced, certain programs receive special attention and are provided full cost-of-living adjustments.

SSI/SSP and AFDC

The full statutory increase of 8.8 percent has been proposed for both SSI/SSP and AFDC recipients. While the percentage increase proposed is significantly higher than other COLAs, the actual average monthly dollar increase to recipients is modest by any standard. The average monthly dollar increase for a single SSI/SSP recipient is \$39 while the average for an AFDC family of three is \$45.

K-12

The full statutory increase of 6.9 percent for a total of \$582.1 million, has been proposed for K-12 Apportionments and Special Education and represents the largest General Fund dollar increase for the 1982-83 budgeted COLAs. This special consideration is in recognition of the fact that K-12 is a high priority program of the State. Education needs support of its basic program if it is going to retain its role of leading the State into the future.

Other COLAs

The remainder of the COLAs are proposed at 5 percent with the exception of State employees who are now under collective bargaining and whose wages are subject to negotiation.

GENERAL FUND COST-OF-LIVING INCREASES
(In Thousands)

Agency/Department/Program	1981-82		1%	1982-83		Amount Budgeted	
	Budgeted			Statutory			
	Percent Increase	Dollar Increase	Dollar Increase	Percent Increase	Dollar Increase	Percent Increase	Dollar Increase
Health and Welfare							
Local Alcohol Programs.....	6.0	\$1,846	\$322	-	-	5.0	\$1,611
Local Drug Abuse Programs	6.0	1,617	295	-	-	5.0	1,475
Health Services							
County Health Services	7.2	22,701	3,401	12.6	\$42,853	5.0	17,005
Medi-Cal—Hospital Inpatient.....	6.0	30,000	4,779	11.65	55,675	5.0	23,895 ^a
Medi-Cal—Drug Ingredients	4.6	1,679	420	4.6	1,932	5.0	2,100 ^a
Medi-Cal—"Spin-off"	11.1	19,261	1,723	8.8	15,162	8.8	15,162 ^b
PHP's CDC and RHF	8.4	10,000	-	-	-	-	-
Nursing Homes, including State Hospitals ..	4.1	16,204	-	-	-	-	-
Medi-Cal Providers, all others	-	-	10,772	-	-	5.0	53,860 ^a
Medi-Cal Provider Other	6.0	27,618	-	-	-	-	-
Medi-Cal—County Admin.....	6.0	5,695	1,116	-	-	5.0	5,580 ^a
Medi-Cal—EPSDT Co Adm	6.0	79	-	-	-	-	-
Public Health—Family Plan	6.0	2,130	376	-	-	5.0	1,882
Public Health—CCS	6.0	2,329	415	-	-	5.0	2,074
Public Health—GHPP	6.0	260	51	-	-	5.0	254
Public Health—CHDP—Co Adm	6.0	112	10	-	-	5.0	48
Public Health—CHDP—Direct Svc	6.0	342	63	-	-	5.0	317
Public Health—Other.....	6.0	913	181	-	-	5.0	904
Dev Serv—Regional Centers	6.0	17,337	1,525	-	-	5.0	7,627
Local Mental Health Programs	6.0	20,477	3,486	-	-	5.0	17,428
Social Services							
SSI/SSP.....	9.2	280,570	33,374 ^c	8.8	306,371 ^d	8.8	306,371
AFDC	9.2	136,044	14,806	8.8	130,296	8.8	130,296
IHSS—Statutory	9.2	1,541	175	8.8	1,538	8.8	1,538
Maternity Home Care	6.0	132	22	-	-	5.0	110
Access Assist. for Deaf	6.0	96	18	-	-	5.0	91
Adoptions.....	6.0	1,039	191	-	-	5.0	955
Facilities Evaluation	6.0	371	84	-	-	5.0	420
County Administration.....	6.0	6,514	1,108	-	-	5.0	5,545
IHSS—Nonstatutory	6.0	2,541	1,375	-	-	5.0	6,874
OCSS—Nonstatutory.....	6.0	8,660	1,449	-	-	5.0	7,247
24-Hour Response	6.0	476	84	-	-	5.0	420
Demonstration Projects	-	-	16	-	-	5.0	80
Department of Rehabilitation	-	-	425	-	-	5.0	2,124
Youth Authority—County Justice System	-	-	634	-	-	5.0	3,170
Education							
Department of Education							
Total Apportionments	-	(588,964) ^e	(81,373)	-	(541,798)	-	(549,480)
K-12—Districts.....	8.0	559,800	75,079	6.93	520,296	6.93	520,296
Gifted and Talented	6.0	954	169	6.0	1,014	5.0	845
Transportation	6.0	4,470	1,727	-	-	5.0	8,635
Court Mandates	-	-	1,287	-	-	-	0
Adult Education	6.0	9,024	860	6.0	5,600	5.0	4,300
K-12—County Offices of Educ	7.2	14,194	2,148	6.93	14,888	6.93	14,888
General Aid (Meade)	6.0	522	91	-	-	5.0	455
Special Purpose Apportionment	-	-	12	-	-	5.0	61
Child Nutrition.....	6.0	1,424	254	7.5	1,905	5.0	1,270
Instructional Material	6.0	2,588	409	9.9	4,049	5.0	2,045
School Improvement Program.....	6.0	9,209	1,627	-	-	5.0	8,135
Economic Impact Aid	6.0	9,720	1,717	-	-	5.0	8,585
Miller-Unruh Reading Program.....	6.0	916	162	-	-	5.0	810
Native American Indian Educ	6.0	183	3	-	-	5.0	15
Demo Programs in Reading Math	6.0	204	36	-	-	5.0	180
Indian Educ Centers	6.0	42	7	-	-	5.0	35
Resource Centers (Staff Dev)	6.0	90	16	-	-	5.0	80
Professional Dev Center	6.0	42	8	-	-	5.0	40
School Site Staff Dev	6.0	54	10	-	-	5.0	50
Child Care Program	6.0	12,351	2,182	-	-	5.0	10,910
Master Plan for Special Educ.....	6.0	38,328	6,769	6.93	46,909	6.93	46,909
Preschool	6.0	1,717	303	-	-	5.0	1,515
Division of Libraries.....	5.0	267	56	-	-	5.0	280
Urban Impact Aid	6.0	3,282	580	-	-	5.0	2,900
Instructional TV	6.0	48	9	-	-	5.0	45
Bd of Gov, Ca Com Coll							
Apportionments	5.0	68,598	12,972	5.0 ^f	64,861 ^f	5.0	64,861
Special Education Allowances	-	-	184	-	-	5.0	920
EOPS	6.0	1,270	224	-	-	5.0	1,120
Student Aid Commission	6.0	3,176 ^g	565	-	-	5.0	2,824
CSU-EOPS	-	-	71	-	-	5.0	356
Air Resources Board	-	-	8	-	-	5.0	40
Teachers Retirement	6.0	9,697	1,713	13.95	23,897	5.0	8,565
Food and Ag—County Pesticide	8.1	216	29	-	-	5.0	144
Personal Property Tax Relief	2.9	14,500	5,116	10.0	51,162	5.0	25,581
Employee Compensation.....	-	233,583	40,225	-	-	- ^h	168,322
Totals	-	\$1,619,053	\$239,324	-	\$1,288,408	-	\$1,522,480

^a Please see special write-upon the Medi-Cal reductions in the "A" pages.

^b Included in budget as a caseload adjustment and not a cost-of-living adjustment.

^c Cost without Federal offset applied.

^d Excludes Federal offset of \$136,100 based on CPI.

^e Includes impact of AB 777.

^f Statutory COLA applies only to some categories of programs.

^g COLA applied only to Cal Grant A & B programs.

^h Percent increase to be determined in collective bargaining process.

AFDC and SSI/SSP Grant Comparisons with Other States

The Federal Government mandates two financial aid programs; Supplementary Security Income (SSI) for adults and the Aid to Families with Dependent Children (AFDC). The Federal Government also allows a variety of optional State Supplemental programs. Examples of optional programs enacted in California are the AFDC-Unemployed Program (AFDC-U) and the State Supplemental Program (SSP).

California has approximately 10 percent of the total U.S. population. Based on the latest data available,¹ California had a monthly SSI/SSP caseload of approximately 17 percent (706,000) of the nation's SSI/SSP population (4.10 million), but provided an average of 25 percent of the federally administered SSI and SSP aid payments (\$173.1 million of \$701.6 million total average monthly payments). This difference in population compared to payment level may be attributed primarily to two factors: (1) California provided more State funds than all other 26 States with the federally administered SSP program (67 percent of the total); and (2) California is the only State with a statutory cost-of-living increase.

In the AFDC program, California, in the first three months of 1981, had approximately 13.3 percent of the nation's AFDC population receiving AFDC benefits, but expended 20 percent of the total aid payments. While specific data is unavailable, this higher payment level compared to population may also be attributed to California's statutory cost-of-living increase provisions and the additional cost of the State's optional AFDC-U program (Federal and non-Federal).

As indicated in the table below, California has the highest SSI/SSP and AFDC financial aid payment standards in the 10 most populated States. This table compares payments currently being made in the 1981-82 fiscal year since data is not available for other States 1982-83 proposed levels. For 1982-83, the 8.8 percent statutory COLA for these programs in California will increase a single SSI/SSP recipient's grant by \$39 to \$478 per month and a couple's SSI/SSP grant by \$72 to \$887 a month. For an AFDC family of 3, which is the most common family unit, the increase will be \$45 to \$551 per month.

¹ Volume 44, Numbers 9, 10 and 11, Social Security Bulletin. U.S. Department of Health and Human Services, Summer of 1981.

**Ten Most Populated States
SSI/SSP and AFDC Payments as of July 1, 1981**

States ¹	SSI/SSP Payment Standards				AFDC
	Aged and Disabled		Blind		Maximum Aid Payment
	Individuals	Couples	Individuals	Couples	Family of 3
California	\$439	\$815	\$492	\$958	\$506
New York ³	328	476	328	476	424
Texas ²	265	397	265	397	118
Pennsylvania	297	467	297	467	332
Illinois ⁵	265	397	265	397	302
Ohio ²	265	397	265	397	263
Michigan ³	289	433	289	433	421
Florida ²	265	397	265	397	195
New Jersey ⁶	301	422	301	422	360
Massachusetts ⁴	402	611	423	846	379

¹ In descending order by State population.

² These States do not supplement SSI.

³ SSI/SSP grant level varies regionally within the State.

⁴ Disabled payments are slightly lower than those in the aged category.

⁵ This State does not have a standard allowance for their SSP. Payments are based upon individual needs and circumstances. The average supplement to the Federal payment shown here in July 1981 was \$84.61.

⁶ To be reduced effective February 1, 1982.

Traditional Presentations



Legislative, Judicial, and Executive

The programs within this area include the Legislature, the Court System and most Constitutional Officers.

JUDICIAL

Article VI of the Constitution creates the Supreme Court and creates the Courts of Appeal to exercise the judicial power of the State at the appellate level. In addition, the Article establishes the Judicial Council to administer the State's judicial system.

Proposed Budget

The 1981-82 Governor's Budget included funding for 15 appellate judges with related staff, contingent upon enactment of authorizing legislation. However, as enacted AB 1538 (Chapter 959, Statutes of 1981) authorized 18 judgeships and three new court locations. A total of \$2.6 million is required to meet the startup and operating costs for the three additional judgeships and new sites.

The 1982-83 Budget provides for six new law clerks for the Supreme Court and 29 for the appellate courts to handle increasing workload. In addition, an increase of \$390,000 is proposed for payment of court-appointed attorney fees by the Supreme and appellate courts.

The budget year also proposes funding to implement two new statutes enacted in 1981. Chapter 884 authorizes a pilot project for eight-member civil trial juries, and Chapter 716 requires judicial impact analysis of pending legislation.

SALARIES OF SUPERIOR COURT JUDGES

The purpose of this budget is to provide for the State's share of the salaries for 642 superior court judges and the State's share of health and death benefits for those superior court judges enrolled in a State Health Plan.

Proposed Budget

Legislation was enacted during the 1981 Legislative Session which authorized the establishment of 14 new superior court judgeship positions effective July 1, 1982 for a total of 642 authorized superior court judges. Included in the 1982-83 budget is \$995,211 for the State's share of the salaries for these additional judgeships at salary rates effective January 1, 1982.

OFFICE OF ECONOMIC OPPORTUNITY

Chapter 819, Statutes of 1981 (AB 596), transferred the Office of Economic Opportunity

(OEO) from the Employment Development Department and placed it within the Governor's Office effective January 1, 1982. OEO is charged with coordination of services whose aim is to eliminate poverty in California. OEO also operates low-income energy, economic development, and anti-poverty programs.

Proposed Budget

The 1982-83 budget proposes OEO administration of two federal block grants: the Low Income Home Energy Assistance Program (LIHEAP) in the amount of \$80,640,000 and the Community Services block grant in the amount of \$31,536,000 (dollars cited are for the federal fiscal year). The LIHEAP grant provides financial assistance in the form of grants to low-income persons in order to help them meet the increasing costs of home energy. The Community Services block grant provides a wide range of activities to assist low-income persons to secure meaningful employment, attain an adequate education, make better use of available income, and obtain other related services.

OFFICE OF EMERGENCY SERVICES

The Office of Emergency Services' (OES's) primary goal is to coordinate the State's emergency support services during disaster incidents in order to save lives, minimize property losses, and facilitate the recovery process.

Proposed Budget

In 1982-83, OES proposes to increase California's share of cost in the jointly operated state-federal FIREScope program. FIREScope is a comprehensive emergency management system established in 1972 to coordinate and strengthen the fire protection resources of urban, rural, and wildfire agencies located in the fireprone areas of Southern California. The program was initiated and funded by the Federal Government as a research and development project and later developed a state-federal operational component at the Department of Forestry District Headquarters, Riverside, California. The State bears 75 percent of the operational cost of the Riverside facility.

Due to federal cutbacks, research and development activities for FIREScope will be sharply curtailed in 1982-83. This reduction has an impact on the Riverside facility since it has

been sharing (at no cost) computer and technological support services available through the research and development component. The budget proposes an additional \$185,000 to maintain FIREScope's technological capacity and to preserve the program's effectiveness in fighting fires in Southern California.

OES also proposes to extend the Earthquake Preparedness Task Force through 1982-83 in order to complete the design of the State's emergency response plan for a catastrophic earthquake in a major metropolitan area. In addition to the \$195,000 included in the budget for support of the Task Force, resources for program development may be proposed to the Legislature at a later date based on recommendations being prepared by the Task Force.

OES is expanding planning and coordination activities related to emergency response to incidents involving toxic or hazardous materials.

DEPARTMENT OF JUSTICE

The Department of Justice, through the constitutional Office of the Attorney General, is responsible for ensuring the uniform interpretation and enforcement of laws and for representing the State in civil and criminal proceedings.

Proposed Budget

In 1982-83, the Subsequent Injuries Fund Claims and Death Without Dependents Programs are proposed for transfer from the Department of Justice (DOJ) to the Department of Industrial Relations. This transfer will streamline claims processing and reduce operational costs.

In addition, DOJ will be intensifying efforts to provide criminal background information on applicants for specified types of employment and certification. During the budget year, DOJ will also continue to support the Department of Consumer Affairs in its effort to protect the public from fraudulent practices by licensed professionals and will increase staff support to local law enforcement agencies involved in combatting the receipt and resale of stolen property by secondhand dealers.

The Interstate Organized Crime Index (IOCI) has been adjudged successful and is proposed for permanent establishment in 1982-83. The IOCI is a computerized index of organ-

ized crime subjects of national interest and provides a communication network to over 200 law enforcement agencies.

CONTROLLER

The State Controller provides fiscal control over receipt and disbursement of public funds and reports the financial operations and conditions of the State and local government. Programs administered by the State Controller include: Inheritance and Gift Tax, Senior Citizens' Property Tax Postponement, Unclaimed Property and various programs relating to local fiscal affairs.

Proposed Budget

Funds are provided in the 1982-83 State Controller budget for administration and maintenance of a new fiscal control system which satisfies requirements of the California Fiscal Information System. Resources are also proposed for continuing audit workload relating to local mandated cost claims. The budget reflects increased reimbursements for Transportation Development Act audits of local planning agencies and various checkwrite activities for public assistance programs.

BOARD OF EQUALIZATION

The Board of Equalization administers State and local business and property taxes, cigarette taxes, insurance tax, energy and telephone surcharges, timber yield tax, private car tax, public utility valuation, and guides local government in the administration of the property tax. In addition, the Board administers the Motor Vehicle

Fuel Conservation Program which is responsible for compiling statistical data on the consumption of gasoline. The Board also acts as an appellate body for appeals of taxes administered by the Board of Equalization and the Franchise Tax Board.

Proposed Budget

Chapter 756, Statutes of 1981 established the New Hazardous Substances Tax Program. 10.2 positions and \$352,299 are proposed in 1982-83 for the administration of the tax collection portion of this program. An additional 19.3 positions and \$1,579,057 are proposed in the Sales and Use Tax Program to meet workload increases.

SECRETARY OF STATE

The Secretary of State is the constitutional officer responsible for the examination, recording, and filing of a variety of public and private sector documents. The Secretary of State also administers and enforces election laws, appoints notary publics, and preserves records having historical significance.

Proposed Budget

The 1982-83 budget provides \$1.1 million for the new "Limited Partnerships" program. Effective January 1, 1983, under the terms of Chapter 807, Statutes of 1981, the State's program will assist citizens in obtaining information on limited partnerships in California by providing a single location for document filing. General Fund revenues from filing fees (\$1.8 million in 1982-83) will exceed the cost of program operations.



State and Consumer Services

STATE AND CONSUMER SERVICES

The functions of the various departments within the State and Consumer Services Agency range from providing business services (General Services) and personnel management (Personnel Board), to the operation of a museum (Museum of Science and Industry). Other departments which operate under the Agency umbrella are as follows: Consumer Affairs, Veterans Affairs, Fire Marshal, Franchise Tax Board, Public Employees' Retirement System, including the Legislative and Judges' Retirement Systems, State Teachers' Retirement System, the Public Broadcasting Commission, and the Department of Fair Employment and Housing.

DEPARTMENT OF GENERAL SERVICES

The Department of General Services is responsible for providing centralized supportive services to other operating departments and for increasing effectiveness and economy in the administration of State government by establishing and improving Statewide standards and guidelines and by implementing constructive changes in governmental policies and procedures.

Proposed Budget:

The Department's budget includes 104 positions to provide necessary maintenance and custodial services to new State buildings which are scheduled for completion in 1981-82 and 1982-

83. The budget also reflects an increase of 41 positions in the California State Police Division to provide contractual police and security services to various agencies and the new San Jose State Office Building, meet increased demands in the Protective Services Bureau and to provide dispatcher clerks for regional offices.

The Communications Division added 33 positions in 1981-82 to meet increased radio maintenance and engineering workload, with an additional 9 positions added in 1982-83. Implementation of the Emergency Telephone, "911" program required an additional 2 positions.

The budget also reflects the addition of 29 positions in 1982-83 to meet on-going workload of the State School Building Lease Purchase Program. These positions were approved on a limited-term basis in 1981-82.

The completion of the Capitol Restoration Project allowed abolishment of 5 positions in 1981-82. The Office of State Printing has requested a net increase of \$1,591,000 to provide for a new management information system. A permanent reduction of 8 positions in 1982-83 is related to the implementation of this new system.

CONSUMER AFFAIRS

The Department of Consumer Affairs objectives are to protect and represent consumer rights and interests and ensure high standards of

practice in the professions represented by the boards and bureaus within the Department.

Proposed Budget:

The 1982-83 budget for the Contractors State License Board is being developed using the zero base budgeting method pursuant to control language in the Budget Act of 1981. The zero base budget will be presented to the Legislature February 1, 1982. The 1982-83 budget for the Board which is included in the budget of the Department of Consumer Affairs, represents a traditional baseline budget only and is presented as information rather than as a proposed final budget. A Department of Finance Letter will transmit to the Legislature the appropriate adjustments to the Governor's Budget and the Budget Bill.

California Public Broadcasting Commission

The California Public Broadcasting Commission is proposing a three part inquiry into environmental issues during 1982-83. \$350,000 from the Environmental License Plate Fund will provide radio reports, special public television productions, and a Public Policy Project. The Public Policy Project will be implemented by the University of California in cooperation with California public television stations for productions on environmental issues.

In 1982-83 \$359,698 is proposed from the General Fund to provide for interconnection planning (\$154,769) and partial costs of the construction of two ground to satellite transmitters (\$204,929). The Commission will apply for a Federal Grant from the National Telecommunications and Information Administration for partial costs of the transmitter construction.



Business, Transportation and Housing Agency

Every California resident and visitor benefits directly from the State's interest in (1) promoting a sound financial and business community while protecting the public from economic loss and illegal or unethical business practices, (2) providing efficient, rapid, and safe movement of people and goods and (3) ensuring the development of affordable housing and coordinated residential development policies. These three broad areas are the principal concerns of the Business, Transportation and Housing Agency.

Secretary for Business, Transportation and Housing Agency

The Office of the Secretary for Business, Transportation and Housing acts as a focal point for the interrelationship of the private sector, government regulatory agencies and the public interest on matters relating to economic development, housing, financial institutions and transportation.

Proposed Budget

The Office of the Secretary will continue to coordinate the multi-disciplinary implementation of the Century Freeway Project. Also, the Secretary will coordinate the State's effort on the State Highway 65 bypass with State and local agencies. This project represents a policy emphasis which integrates transportation, housing and air quality with industrial development.

Sunny Mac

Chapter 1033, Statutes of 1981 established the Solar Energy Conservation Mortgage Corpora-

tion, to be known as "Sunny Mac". Sunny Mac is authorized to purchase, sell, lend on the security of, and deal in loans or advances of credit made by a financial institution for financing the purchase and installation of energy conservation measures. The corporation will serve as a secondary market for loans or advances of credit for building modifications such as insulation and structural improvements intended to conserve energy. The 1982-83 budget includes \$240,000 to fund implementation of this program.

Department of Economic and Business Development

Orderly economic growth and job creation are the goals of the Department of Economic and Business Development.

The Department, created by the Legislature in 1977, works closely with the business community through its six program offices providing a wide range of services including: encouraging and assisting new plant locations and expansion; promoting international trade and investment; cutting regulatory red tape; acting as an advocate for small business; helping local agencies with economic development; and providing research on a broad range of state economic issues. The Department assumes a lead role in coordinating specific projects aimed at expanding the economic base of California.

Proposed Budget

The coming fiscal year presents a special challenge to the department, not only to foster the California economy and promote a better under-

standing of business development, but also to meet growing foreign competition, particularly in the technology based industries.

Technological innovation, and its potential benefits for all business, will receive increased emphasis as will cooperative efforts in education to produce the engineers and other skilled personnel needed for sustained expansion.

Department of Housing and Community Development

The Department of Housing and Community Development's primary objectives are to:

Promote and assist in providing affordable housing in suitable living environments for Californians, and to seek solutions to California's housing and community development problems.

Proposed Budget

In 1982-83, the State will assume responsibility for administering the federal Small Cities Community Development Block Grant Program. This program previously featured direct funding for local jurisdictions by the federal government. Effective October 1, 1982, \$23 million in federal funding is expected. The funds will be allocated by the state to local governments and will be used for land acquisition, water and sewer facility construction and improvement, housing finance and rehabilitation, economic development and other community development purposes.

Mobilehomes have become an increasingly practical option for extending the availability of housing to more Californians. Chapter 1149, Statutes of 1980, was an important step in the transition of the status of mobilehomes from "vehicles" to "dwellings." In 1982-83, continued emphasis will be placed on the mobilehome as an affordable housing option. Also, the Department plans to further refine and streamline the mobilehome registration and titling functions.

Increased attention has been focused recently on the need for providing replacement housing for those whose homes are in the path of planned freeways. The largest program is the Century Freeway Project in Los Angeles. As the result of a recent court determination, \$110 million in federal funding will be directed toward providing replacement housing for those displaced by the Century Freeway. New construction and

rehabilitation of the first of the housing units is presently underway.

Department of Savings and Loan

The principal objectives of the Department of Savings and Loan are to protect the funds of the savings and investing public held by state-chartered associations, to assure compliance by associations with laws and regulations including those involving consumer protection and anti-discrimination, and to assure the continued financial growth of these associations consistent with public need and convenience.

Proposed Budget

The Department's regulatory program is funded by assessments on assets held by state-chartered associations. Recently a number of state-chartered associations have converted to federal charters. These conversions will result in a significant reduction in revenues in the budget year. The proposed budget reflects the estimated pro rata revenue reduction based on the conversion applications received to date.

Department of Transportation

The Department of Transportation's primary objective is a commitment to a balanced transportation system that considers all modes and is consistent with social, economic, and environmental objectives. The 1982-83 Budget is reflective of the objective.

Proposed Budget

Last year's enactment of SB 215 (Chapter 541, Statutes of 1981) provided a major increase in transportation financing, approximately \$3.6 billion over the next five years. Most of the new revenue is earmarked for State highways and local roadways with a lesser amount available for local transit guideways.

The Department of Transportation's share of these funds is \$2.3 billion, which will be used to fund projects in the five-year 1982 State Transportation Improvement Program (STIP). \$475 million of the additional revenue is available for the 1982-83 budget. Emphasis will be placed on completing projects in last year's program, as well as on additional maintenance and rehabilitation projects to preserve the existing highway system and additional new facilities.

The local share of the increased revenues is \$1 billion. \$115 million will be available to the locals in the 1982-83 fiscal year and most of these funds will be used to maintain and rehabilitate local roadways with a portion being available for local transit.

The enactment of Chapter 161, Statutes of 1979 (SB 620), provided increased funding for public transportation, and demonstrated the Legislature's and the Administration's commitment to improving California's public transit (bus, rail and associated facilities) system. These services are becoming increasingly important. They provide mobility to the transit dependent, can ease the impact of gas shortages, reduce energy consumption over the long term and serve to mitigate air pollution and aid in relieving congestion on our streets and highways by providing an attractive and reasonable alternative to the automobile.

This budget proposes program increases, primarily in rail systems, to further this commitment by continuing existing services and adding additional services such as:

- Commute service between San Bernardino and Los Angeles with two trains in each direction on every week day.
- Commute service between Oxnard and Los Angeles with two trains in each direction on every week day.
- Expansion of San Diego-Los Angeles service from seven to eight trains.

Funds are also provided to rehabilitate the Santa Fe Depot in San Diego and the Union Passenger Terminal in Los Angeles.

The Department will expand and improve the ridesharing services provided to the people of California. With a proposed budget increase of \$800,000, over 10,000 additional people will be assisted into carpools, vanpools, and into public transit.

The Department, in direct cooperation with the Employment Development Department, will financially assist dislocated workers (workers laid off due to plant closures) to rideshare to areas of labor shortages, such as those containing defense and electronics industries. This \$300,000 demonstration program, to be conducted in two or three different areas in the State, implements SB 731 (Chapter 699, Statutes of 1981).

Department of the California Highway Patrol

The Department of the California Highway Patrol is responsible for assuring the safe, lawful, rapid, and economical use of the state highway system. The primary objectives are to minimize death, injury, and property loss from traffic accidents; to minimize traffic delays; and to provide protection and assistance to the motoring public.

Proposed Budget

To meet these responsibilities, a support budget of more than \$345 million, along with capital outlay of \$8.1 million, is proposed for the 1982-83 fiscal year.

In addition, the Department will be implementing Chapter 933, Statutes of 1981, which provides for the addition of up to 670 Traffic Officers. These positions will be funded for the first four years by a one-dollar surcharge on vehicle registration fees collected by the Department of Motor Vehicles.

Department of Motor Vehicles

The Department of Motor Vehicles' objectives are:

1. to protect public interest by identifying ownership through the process of vehicle registration,
2. to promote safety on highways by licensing and controlling drivers,
3. to provide public protection through vehicle-related occupational licensing,
4. to encourage motorists to maintain financial responsibility, and
5. to provide other services as required by statute.

To meet these objectives, a support budget of more than \$234 million, along with capital outlay of \$6.0 million, is proposed for the 1982-83 fiscal year.

Proposed Budget

The budget for 1982-83 reflects adjustments to match program benefits with program costs. The significant proposed adjustments will be as follows:

1. Continued implementation of the automation of many vehicle registration functions at the point transactions are received.

Starting in the 1985-86 fiscal year this program will result in annual savings of over \$4 million.

2. The addition of 114.6 personnel years and

\$9.2 million to continue carrying out the provisions of Chapter 696/79 which provides for the sale of reflectorized license plates on an optional basis.



Resources

The Resources Agency programs are directly concerned with protecting, preserving, enhancing, and developing the State's environmental wealth for the benefit of all Californians. Programs funded range from those designed to attain and maintain desirable standards of air and water purity, to forest fire fighting, forest management, flood control, water development, oil drilling regulation, and the creation of recreational opportunities.

The Resources Agency, under the direction of the Secretary for Resources, consists of the following Boards, Commissions and Departments and programs: the Departments of Conservation, Fish and Game, Forestry, Boating and Waterways, Parks and Recreation, and Water Resources, the Air Resources Board, the State Coastal Conservancy, the California Conservation Corps, the Colorado River Board, the Wildlife Conservation Board, the Energy Resources Conservation and Development Commission, the San Francisco Bay Conservation and Development Commission, the Solid Waste Management Board, the State Lands Commission, the State Water Resources Control Board, the nine regional Water Quality Control Boards, and the Special Resources Programs.

California Conservation Corps

The California Conservation Corps was established by Chapter 342, Statutes of 1976, and reauthorized by Chapter 50, Statutes of 1980, to accomplish two important and interrelated goals: 1) to conserve and develop the state's

natural resources and environment by employing the state's young women and men to work on public service conservation projects, and 2) to provide these youths with a work experience opportunity that will help further their understanding and appreciation of the environment and teach them fundamental work ethics.

The Corps provides fire suppression services and disaster relief, protects and preserves the natural environment, and develops the public resources to provide opportunities for greater public use.

Proposed Budget

In 1982-83 the California Conservation Corps is proposing a General Fund increase of \$5,649,000 over their 1981-82 base program. This increase reflects a partial replacement of lost Federal Funds (\$4,832,000) and increased workers compensation costs (\$817,000).

The increase will add 240 corpsmembers by opening two nonresidential centers and by expanding six existing centers from 60 to 80 corpsmembers. These additional corps members were authorized in 1981-82, but due to the loss of federal funding, they are not proposed for implementation until 1982-83.

The CCC is also proposing to reopen a base center closed in 1981-82 (60 corpsmembers and 13 civil service staff).

Also, due to the loss of federal funds, the Corps terminated the Resources Protection Trainee program on November 1, 1981, reducing corpsmember strength by 225. This program will not be restored in 1982-83.

Energy Resources Conservation and Development Commission

The Energy Commission was established in 1975 under the Warren-Alquist Act, PRC Section 2500 et seq., in order to ensure continuation of a reliable supply of energy for California at a level consistent with both the state's energy needs and environmental protection policies.

Proposed Budget

In an effort to continue the accelerated development of alternative sources of energy, the Commission's Development Program proposes to promote all energy technologies identified as realistic and practical alternatives to conventional fuels, (including solar energy, geothermal energy, wind energy, clean liquid fuels, biomass, and cogeneration) and to continue provide technical support for the development of small hydroelectric resources. These efforts will promote the maximum use and commercialization of alternative energy resources and advanced alternative technologies.

The Commission's Conservation Program anticipates continuation of efforts in energy conservation through the establishment of building energy efficiency standards, standards for energy efficient appliances, review and promotion of utility efforts in residential and nonresidential load management, increased efficiency in the use of liquid fuels and the provision of technical assistance to consumers.

Finally, in order to supplement funding to support state energy goals and objectives, the Commission is requesting Energy and Resources Funds for a demonstration of solar pond and other advanced solar technologies; continuation of loans for institutional building energy efficiency and street-lighting efficiency; demonstration of alcohol fuels; and demonstration of direct heat geothermal and advanced cogeneration technologies.

Air Resources Board

The Air Resources Board has primary responsibility for protecting air quality in California. This responsibility includes establishment of ambient air quality standards for specific pollutants, evaluation of standards adopted by the U.S. Environmental Protection Agency and development and implementation of the State Implementation Plan for the attainment and

maintenance of these standards. The plan includes emission limitations for vehicular and industrial sources established by the Board and local air pollution control districts.

Proposed Budget

The Board is proposing seven new positions and \$303,000 to expand its efforts to reduce the exposure of the public to hazardous levels of air-borne carcinogens and other toxic pollutants. The Board's emphasis will be directed toward assisting local districts to detect, test, evaluate and eliminate sources of hazardous air pollutants.

Support for research efforts in fiscal year 1982-83 will increase from \$4,230,000 to \$6,095,000 primarily to strengthen efforts in health effects, emissions technology and atmospheric processes.

Due to recent research findings which suggest that California is currently experiencing acid rain problems comparable in severity to the Eastern United States, the Board will be adding four positions and \$345,000 to permit a concentrated investigation of acid rain.

Department of Forestry

The Department of Forestry is responsible for the protection, conservation, and development of California's forest, watershed and range lands. The Department maintains an extensive fire protection system to meet the unique level of fire hazard within the State.

Proposed Budget

The Department of Forestry will undertake a significantly greater number of forest improvement projects in 1982-83 due to an increase in the budget of \$1.5 million from the Renewable Resources Investment Fund and \$1 million from the Resources Account, Energy and Resources Fund. These moneys will enable the Department to provide for the reforestation and improvement of approximately 8,000 acres of forest land and will foster the development of an estimated 35 additional community tree planting projects.

Nearly \$3 million is proposed to fund significant projects to enhance the management and use of California's renewable resources. These projects include the establishment of a Dutch Elm Disease program (to be transferred by legislation to the Department of Forestry, from the

Department of Food and Agriculture), an erosion and landslide mapping project for sensitive watershed areas, the development of biomass harvesting systems for use on forest harvesting residues, and increased prescribed burning efforts within the vegetation management program. Funding is being provided principally from the Resources Account, Energy and Resources Fund.

Department of Fish and Game

The program objectives of the Department of Fish and Game are to insure that fish, wildlife and the habitat are preserved to be used and enjoyed by the people in the State, now and in the future.

Proposed Budget

The Department's budget for 1982-83 proposes a fund shift of:

1. \$970,000 from Federal Funds to the Fish and Game Preservation Fund for support of 43 Wildlife Biologists. This shift is due to the reduced balance in Pittman-Robinson Act funds.
2. \$339,000 from Federal Funds to the Fish and Game Preservation Fund for support of Commercial Fisheries Research and Development (Bartlett) Projects as Federal Funds will no longer be appropriated for these projects.
3. \$244,000 from Federal Funds to the California Environmental License Plate Fund to support the Endangered Species project. Available Federal Funds are being expended in the current year and no further Federal appropriations will be available for these projects.

The Department also proposes to undertake the following projects funded by the Resources Account, Energy and Resources Fund: Salmon and steelhead habitat restoration (\$2,000,000); \$150,000 for the second year of a Wildlife Habitat Relationships Study; Wildlife Habitat Improvement on State and Federal lands for \$3,000,000; an Artificial Reef Study (\$500,000); \$110,000 to begin a Resources Plan for the Salton Sea; \$100,000 for a study of San Francisco Bay shellfish habitat; and Southern California abalone enhancement at a cost of \$250,000.

Wildlife Conservation Board

The Wildlife Conservation Board is involved in acquiring, conserving, developing, improving and providing access to our natural resources to accommodate the needs of the people who utilize outdoor recreation resources.

Proposed Budget

The 1982-83 Budget proposes \$4,000,000 from the Resources Account, Energy and Resources Fund, for the acquisition and preservation of valuable wildlife habitat, including wetlands and habitat for upland wildlife and endangered species. Many areas critical to the continued viability of local populations of wildlife are threatened by habitat loss due to development. These funds will be used to acquire key habitat areas where preservation will provide at least minimal support for the area's native wildlife.

California Coastal Commission

The California Coastal Act of 1976 continued the State's coastal management program, which dates from 1972, the year California voters adopted Proposition 20. The Coastal Commission exercises continuing authority over certain types of development in the coastal zone, defined by the 1976 Coastal Act, as amended. A major portion of the Commission's effort in recent years has been the development of local coastal plans (LCP's), designed to implement Coastal Act policies in the local government planning process.

Proposed Budget

Chapter 1173, Statutes of 1981 modified Coastal Act provisions involving the Commission's certification of LCP's; local governments may now opt to exercise coastal development permit jurisdiction at an earlier stage of completion during the LCP process.

The Federal government this year substantially reduced Coastal Zone Management grants to state and local governments. Anticipated budget year federal funding is \$1.7 million, a reduction of nearly \$3 million from the current year level. The Commission is preparing to accommodate this loss of federal funds through program reductions and, in addition, is proposing to increase General Fund support for those activities which are State-mandated.

Parks and Recreation

The major activities of the Department are the planning, interpretation, and operation of the State Park System.

Proposed Budget

In 1982-83, visitor-days are expected to reach 70.4 million, an increase of 3.3 million over 1981-82, with the addition of 14,654 acres, 155 picnic units and 300 camp units.

The 1982-83 Budget proposes to fund the operation of these new State park properties and developments by generating additional General Fund revenues. The budget proposes to directly appropriate these additional revenues, and therefore makes the operation of these new developments self-supporting.

A \$12.5 million appropriation to the Roberti-Z'berg Urban Open Space local grant program is proposed from the Resources Account, Energy and Resources Fund. Grants to local agencies from this program will include \$7.5 million for the enhancement and development of urban fishing opportunities plus \$5 million for recreation area acquisition, development, and operation.

Santa Monica Mountains Conservancy

The Santa Monica Mountains Conservancy was created by Chapter 1087, Statutes of 1979 (AB 1512) to implement the Santa Monica Mountains Comprehensive Plan by developing programs for full fee or less than fee acquisition, restoration, or consolidation of lands in the Santa Monica Mountains Zone for park, recreation, or conservation purposes.

Proposed Budget

The 1982-83 Budget proposes \$5,650,000 from the Resources Account, Energy and Resources Fund, for the creation of a Revolving Fund Purchase Program within the Conservancy. This program proposes land acquisition

projects totaling \$5,250,000 related to the preservation and management of resources, land, and wildlife. This will also result in the development of new parks and open space for the recreational and educational use of the general populace. The Conservancy has identified six potential revolving fund purchases (Runyon Canyon, Temiscal, Upper Cold Creek, Edgar Rice Burroughs, Sullivan, Canyon and Cold Creek Ranch). To implement the Conservancy's program, three additional personnel years are proposed for 1982-83.

Department of Water Resources

The role of the Department of Water Resources is to protect, conserve, and manage California's water. Thus, the Department has a major responsibility for supplying suitable water for personal, agricultural, industrial, recreational, and power generation uses as well as for fish and wildlife support. The Department also has major responsibilities for protecting people and property from floods and dam failures.

Proposed Budget

The 1982-83 Budget includes \$4,710,000 from the California Water Fund for continued construction of a demonstration reverse osmosis desalting plant in the San Joaquin Valley. The Budget also proposes \$816,000 from the Resources Account, Energy and Resources Fund, and \$824,600 in continuing General Funds for efforts to identify new and innovative methods for conserving agricultural water, and \$3,781,200 (\$2,000,000 Renewable Resources Investment Fund, \$1,781,200 continuing General Funds) to implement and develop urban water conservation programs such as conservation device distribution and conservation education.

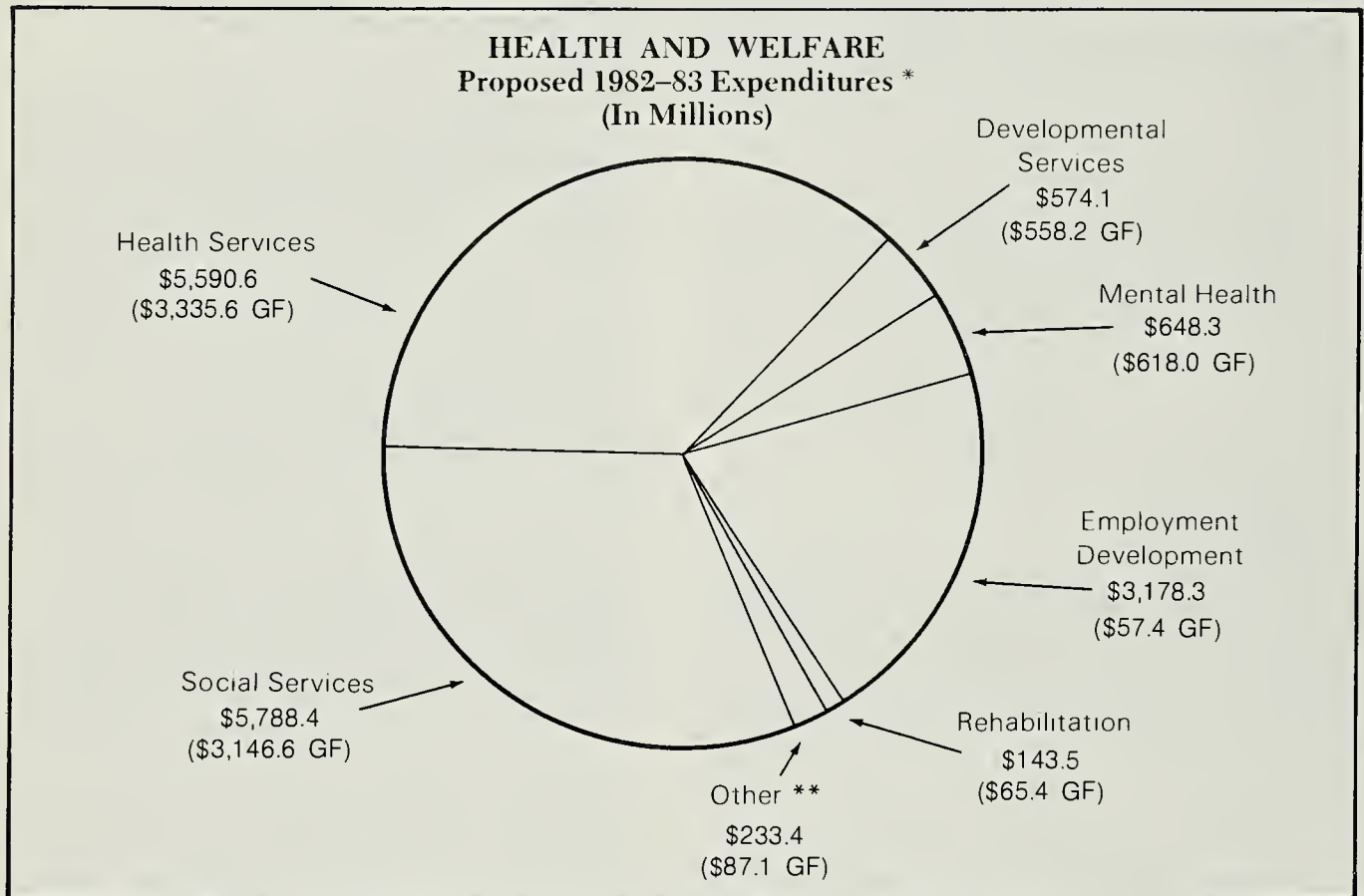
Public Safety programs in 1982-83 remain approximately level with 1981-82 except for a reduction in the Safe Drinking Water Program, to more accurately reflect anticipated program levels.



Health and Welfare

The programs administered by the Health and Welfare Agency are directly concerned with the physical, mental, and social well-being of all Californians. For Fiscal Year 1982-83, the Health and Welfare programs estimate an ex-

penditure of approximately \$16.4 billion in combined State, Federal, and county funds. The allocation of these funds to the various departments that are responsible for administration of the programs is shown below.



* Includes State Support, Local Assistance and Capital Outlay.

** Reflects allocations for the Health and Welfare Agency, Department of Aging, Department of Alcohol and Drug Programs, Health and Welfare Consolidated Data Center, Office of Statewide Health

Planning and Development, Emergency Medical Services Authority, Governor's Advisory Committee on Child Care, State Council and Area Boards on Developmental Disabilities, and Health Facilities Commission, which is independent of the Agency.

Health and Welfare Agency

The Agency is responsible for administering the State's health, welfare, social services and rehabilitation programs.

Current Accomplishments

The responsibility for reprocurement of a Medi-Cal fiscal intermediary was transferred to the Secretary's Office from the Department of Health Services in 1981-82 and is proposed to be continued in 1982-83.

Also, the Multipurpose Senior Services Projects (MSSP) which is a five-year \$43.6 million program of coordinated services to the elderly was fully implemented.

Proposed Budget

The Agency will begin to phase down MSSP and begin one of the most critical elements of the project which is the evaluation component. It is through this evaluation, the Administration will be able to determine whether or not it is more cost effective to serve the elderly under a coordinated services approach as utilized by the project.

In addition to the two positions established in the current year to begin the process of reprocuring a new Medi-Cal fiscal intermediary, fourteen new positions are proposed to prepare for the possible transition to a new claims processor for the Medi-Cal program when the contract with Computer Sciences Corporation expires.

Department of Health Services

Current Accomplishments

During the current year, the Department of Health Services will continue to serve California through its broad range of programs to improve the health of its citizens: Medi-Cal pays for medical care for persons who cannot afford such care; Public Health protects the public against unsafe foods, drugs, water supplies, and hazardous materials; and Licensing and Certification regulates licensed health facilities throughout the State. The largest of these programs, Medi-Cal, has a projected 1981-82 caseload of 3,132,400 and expenditures of \$5.02 billion.

In the current year, a General Fund deficiency of \$180.2 million is estimated in the Medi-Cal program: \$168.0 million in increased medical

care and services costs attributed to higher caseload and user increases than previously estimated, reduced Federal matching funds and delays in implementing policy changes expected to result in major program savings; \$9.9 million in increased county administrative costs due to previously unbudgeted workload increases, reduced Federal matching funds and payment of prior year bills in the current year; and \$2.3 million in increased fiscal intermediary costs due to workload increases, audit settlements, payment of prior year bills in the current year, and reduced Federal matching funds.

The Department began implementing AB 251 (Chapter 102, Statutes of 1981) in the current year. These initiatives are projected to achieve net savings of \$33.6 million (\$19.5 million General Fund) in the current year. Support positions established to implement AB 251 provisions include:

- Nineteen positions to expand the State's quality control program.
- Seventeen positions to increase recoveries to the Medi-Cal program.
- Eight other positions, including six for expansion of cost savings pilot projects—organized health systems and prospectively negotiated hospital rates.

Major policy changes not yet implemented include copayment and capped hospital inpatient reimbursement. The Department continues to seek Federal approval for these changes, which will be implemented as soon as Federal waivers are granted.

In addition, 20.5 positions were established to implement SB 618 (Chapter 756, Statutes of 1976) hazardous waste clean-up and related provisions and to develop a Toxics Research and Information program.

Proposed Budget

In the budget year, total expenditures for the Department of Health Services are anticipated to decrease over the revised current year budget by \$41.4 million; General Fund expenditures will increase by \$68.5 million. Medi-Cal program caseload is estimated to increase by 1.3 percent to 3,172,300. Total expenditures will decrease by 1.0 percent to 4.97 billion because of Administration efforts to reduce costs. (See the Program Reductions write-up at the front of the Budget)

An additional 326.9 positions have been proposed for the Department of Health Services to enable the Department to provide essential health services and achieve Medi-Cal cost savings.

One hundred fifty positions have been proposed for Medi-Cal program activities, the majority of which are intended to achieve program savings.

AB 251 implementation positions for 1982-83 include:

- Thirty positions for an expanded State quality control program.
- Sixty positions for Medi-Cal recovery efforts.
- Ten positions to implement other AB 251 requirements such as the development of prospectively negotiated hospital rates and the implementation of other pilot projects involving case management for primary care services.

Another cost savings proposal requests 35 positions for additional investigations positions to increase central complaint screening activity and field investigations. Savings expected as a result of these efforts are estimated at \$2.0 million.

Fifteen other positions are proposed for continued implementation of the MEDS project, Short-Doyle/Medi-Cal program rate development and increased workload in the Benefits branch.

A total of 113.5 new positions are proposed for various hazardous and toxic waste programs as follows:

- Forty and a half positions to reduce the amount of hazardous waste disposed of in landfills, encourage the construction and use of alternative waste management technologies; strengthen monitoring and enforcement of hazardous waste laws; and increase public involvement.
- Forty positions to implement the State's program established pursuant to SB 618. These positions will be involved in: cleanup of hazardous waste sites, air monitoring, development of health protection protocols, emergency response involving spills and releases, and the design of safe, responsible mitigation of abandoned hazardous waste sites.

- Thirty-three positions to establish a Toxics Research and Information Program to initiate surveillance in (1) Indoor Air Pollution, (2) Trends in Body Burdens of Chemicals in the Population and (3) Trends in Chemically Related Male Infertility. A Community Toxics Information Unit will also be established to collect and evaluate information on environmental chemicals and their potential health effects on the public and the environment. In addition, a Hazardous Evaluation System and Information Service (HESIS) Educational Outreach program will be developed to inform employees and health care professionals of the potential health effects of toxic chemicals.

A more comprehensive discussion of the Toxics program is contained in the Program Highlights write-ups at the front of the Budget.

Department of Mental Health

The goals of the Department of Mental Health are to develop and provide a continuum of mental health services for the State's mentally disabled persons.

Current Accomplishments

The revised 1981-82 budget reflects a total Mental Health expenditure of \$641,339,000. The 1981-82 Budget Act provided an augmentation of approximately \$2.1 million, and a one-time reappropriation of \$4.9 million from 1980-81 to replace the federal funds loss under the Short-Doyle/Medi-Cal program for "patch" services in the community. Approximately \$9.9 million in state hospital savings was proposed for transfer to local mental health programs. These savings were projected to accrue as a result of the \$15 million augmentation provided in 1980-81 for 302(f) performance agreements with the counties for reductions in state hospital utilization. While the performance agreements negotiated have resulted in some reductions in state hospital utilization in 1981-82, many of the counties involved have been unable to maintain their state hospital utilization at the reduced level. This situation has hampered the ability of the Department of Mental Health to realize the state hospital savings anticipated. The Department proposes to adjust the \$15 million allocated in 1981-82 to sustain the performance agreements negotiated in 1980-81. Additionally, the De-

partment proposes to implement corrective action with the other counties that are projected to exceed their State hospital day allocation. The adjustments will be made proportionate to the counties' State hospital usage above the days allocated in 1981-82. Additional information on the adjustment made to the county allocations will be provided prior to the 1982-83 budget deliberations.

The 1981-82 Budget Act proposed to utilize up to \$5.7 million of the state hospital savings resulting from the 1980-81 performance agreements for continuing the establishment of alternatives to state hospital utilization. Because the majority of local programs with 302(f) contracts have experienced problems in implementation, the projected impact on state hospital bed utilization has been delayed. After January 1, 1982, the Department of Mental Health will monitor the counties with 302(f) contracts to verify overuse, and will adjust their allocations accordingly to insure the accumulation of hospital savings. Once funds are made available, those counties with approved proposals and signed performance agreements will have the opportunity to initiate alternative programs to hospitalization.

Proposed Budget

The 1982-83 budget proposes a total Mental Health expenditure of \$683,168,000. This level reflects an increase of 6.5 percent over the 1981-82 budgeted level. This total includes the assumption of a federally funded Community Mental Health block grant totaling \$14,280,000. An additional \$5.3 million is included as a result of Chapter 1166, Statutes of 1980 (AB 2749). Under this bill, AFDC-FC funding was limited to six months for voluntary out-of-home placements of mentally disabled children, effective January 1, 1982. Subsequently, responsibility for these placements will be transferred to Mental Health after the six months.

Effective July 1, 1982, Patton State Hospital will be transferred from the Department of Developmental Services to the Department of Mental Health pursuant to Chapter 409, Statutes of 1981 (SB 1221). The Budget contains 1,342.6 positions reflecting the transfer.

Chapter 928, Statutes of 1981 (SB 278) eliminates the category of Mentally Disordered Sex Offenders (MDSOs). Individuals committing

crimes on or after January 1, 1982 and found guilty will not be committed for treatment in the Department of Mental Health as in the past, but sentenced directly to the Department of Corrections. As a result, the MDSO population in the DMH is projected to decrease by 369 in 1982-83. This will provide savings of \$4.1 million in Mental Health.

Additionally, the Department of Mental Health projects a population increase of 366 among the other judicially committed/Penal Code categories. The budget reflects an increase of \$7.2 million in 1982-83 for this population change.

Department of Developmental Services

Current Accomplishments

The Department of Developmental Services has responsibility for nine State hospitals serving a yearly average of 8,241 clients during 1981-82 which amounts to a reduction in population of a net of 343 clients from the preceding year. This declining State hospital population represents the Department's continued emphasis on placing State hospital residents into appropriate community settings. The 1981-82 budget for State hospitals includes \$1.2 million for the continued funding of additional community placements by the Regional Centers.

The 21 Regional Centers provide intake, diagnosis, referral, and purchase of community based services for approximately 69,400 individuals with a budget of \$194.5 million in General Fund. The current year budget represents a 21.3 percent increase over the 1980-81 expenditure level. The budget also reflects transfer of the Work Activity Program from the Department of Developmental Services to the Department of Rehabilitation effective July 1, 1981. Also during the 1981-82 fiscal year, the Department is continuing the policy of allowing the Regional Centers to assume case management responsibility for all clients. In addition, the final steps of phasing-out developmental disability services at Patton State Hospital are reflected in the 1981-82 budget. Effective July 1, 1982 Patton State Hospital will be transferred to the Department of Mental Health and will only operate programs for people with mental disabilities.

Pursuant to Public Law 97-35, the Depart-

ment has submitted a request for a waiver through the Department of Health Services to the Federal Department of Health and Human Services (DHHS), to permit Title XIX funding for home and community-based services. However, pending a response from DHHS, the budget does not reflect any adjustments as a result of the waiver proposal.

Proposed Budget

The Department of Developmental Services proposed 1982-83 budget reflects an overall increase of 3.9 percent for all funds and a 4.0 percent increase in General Fund.

Continuing net growth in the number of new clients served by the Regional Centers is projected at 4,422. Funding for the Regional Centers is projected at a 12.4 percent increase over 1981-82 with the General Fund increasing by a net of \$23.4 million. Increases are \$14.4 million for cost-of-living, \$8.4 million for funding caseload growth and \$6.4 million for service expansion. Service expansion includes the cost of reimbursement to new providers, clients moving into more expensive services, and/or increased units of service required for clients with more complex needs. The 1982-83 Regional Center budget also includes use of \$500,000 in Program Development Funds earmarked for respite care services.

The 1982-83 budget for State hospitals projects a decrease of a net of 320 persons with developmental disabilities. This decline in population allows a reduction of 120.8 level-of-care positions. The State hospital budget also includes increased staffing for State hospital clients in medical/surgical and continuing medical care programs as outlined in the departmental study prepared pursuant to ACR 103 of 1978. The 1982-83 budget proposes 72.8 positions at a cost of \$1.2 million to raise the staffing to 100 percent of the standards for these programs.

The Department of Developmental Services' capital outlay program in the 1981-82 fiscal year reflects \$59 million of which \$54 million is for fire and life safety and environmental improvements in the nine State hospitals operated by the Department in the current year. The fire and life safety and environmental improvements projects are necessary to assure all clients in State hospitals reside in code conforming buildings by July 17, 1982. Conditional Federal Certification has been granted based upon the

Department's commitment to meet the deadline for the projected July 17, 1982 population of 8,070 developmentally disabled clients. The Department of Health and Human Services (DHHS) has proposed regulations which will allow extension of the deadline for correction of fire and life safety and environmental improvements up to five years. If these regulations are adopted, \$15 million of the \$54 million in the current year will revert to the Special Account for Capital Outlay, due to the fact that the department anticipates a reduced population level of 7,158. The 1982-83 proposed budget reflects \$3,190,000 for Special Account for Capital Outlay (SAFCO) projects and \$8,573,000 for Energy Resource Fund (ERF) projects.

Department of Social Services

The programs administered by the Department of Social Services are designed to provide financial assistance to the eligible needy and to prevent abuse, neglect, and exploitation of children and adults who are unable to protect themselves. Major programs include: (1) SSI/SSP which provides cash grants to aged, blind and disabled adults; (2) Aid to Families with Dependent Children (AFDC) which provides cash grants for children; (3) Food Stamps which provides nutritional aid to needy persons; and (4) Social Services which provides assistance to persons in need.

Current Accomplishments

Approximately 1.6 million low-income people will receive AFDC grants to meet the basic needs of children and their caretakers. In 1981-82, the average family of three will receive a maximum aid payment of \$506 a month to meet these needs. The total grant costs will be \$2.9 billion (\$1.3 billion in General Fund money, \$152 million in county funds, and \$1.4 billion in Federal funds).

Major legislation contained in the Federal Omnibus Budget Reconciliation Act of 1981, was signed into law on August 13, 1981. Public Law 97-35 (Social Welfare Amendments of 1981) contained a number of significant changes in the Aid to Families with Dependent Children (AFDC) program. Major changes include:

- A new formula for AFDC limits the \$30 and one-third earned income disregard to four months, limits work related expenses

to \$75 monthly for full-time employment, and provides for up to \$160 a month for the cost of child care for each child in determining eligibility of applicants.

- Provides a gross income limit of 150 percent of the State's standard of need.
- Requires states to count income of stepparents living with AFDC children, to the extent such income exceeds specific limits.
- Changes AFDC benefits for unemployed parents to provide such benefit only when the principal wage earner is unemployed. Whichever parent earns the most in the preceding 24 months is considered the principal earner.
- Eliminates federal financial participation in aid for applicants on behalf of an unborn child.

State law, Chapter 1-X of the 1980-81 First Extraordinary Session, brings California into compliance with Federal provisions of PL 97-35 in the area of: (1) earned income disregard, (2) income limits for eligibility, (3) unemployed parent, and (4) elimination of supplemental payments. State legislation implementing the remaining provisions is still pending, however, the proposed budget assumes the State will be in compliance with all federal requirements prior to June 30, 1982.

The Supplemental Security Income/State Supplementary Program (SSI/SSP) is a Federal-State program which provides grants to finance basic needs of eligible aged, blind, and disabled individuals. In 1981-82, an aged or disabled person receives a maximum aid payment of \$439 and a blind person \$492 per month. Over 709,000 Californians will receive these payments during the year, at a General Fund cost of \$1.27 billion.

In the Food Stamp program, an estimated \$605 million worth of food stamp coupons will help approximately 1.6 million people receive food during the 1981-82 fiscal year.

The Social Services Program provides services to California's elderly, blind, and disabled citizens and to children and families who need help. The In-Home Supportive Services (IHSS) component of Social Services supplies homemaker and chore services to the aged, blind, and disabled persons who need assistance with personal care and/or essential housekeeping tasks. Approximately 103,000 IHSS recipients each

month will receive service from county and private agency staff who provide such services pursuant to State guidelines. Departmental resources also provide social services for protecting the welfare of children who are being or are in danger of being abused, neglected, or exploited.

Chapter 99, Statutes of 1981 (SB 633), has made significant changes to the IHSS program. SB 633 capped the funding level for IHSS, and provides mechanisms and incentives to control the growth of the program. Utilizing a specific priority system established by SB 633, counties now have the authority to systematically reduce less necessary and lower priority services to stay within budgetary limits. Additionally, due to federal funding reductions in the current year, the IHSS program was decreased by approximately \$26 million. Program reductions were made in accordance with the priority system established by SB 633, as discussed above.

A current year General Fund deficit is anticipated due in large part to the delayed implementation of federal changes under PL 97-35 for the AFDC program. The projected loss in federal financial participation for the maintenance of the State's current AFDC program has shifted costs to the General Fund of \$44 million, which more than offsets the estimated \$35 million in General Fund savings. An additional \$8.2 million, due to higher grant level payments and lower earned income offsets, for SSI/SSP recipients over budgeted levels and other changes contributed to the remaining anticipated deficit of \$20 million in 1981-82.

Proposed Budget

Estimated expenditures for all programs will approximate \$5.8 billion in 1982-83. The budget includes a proposed 8.8 percent statutory cost-of-living increase to the AFDC, SSI/SSP, and IHSS programs which is discussed in the special "A" page cost-of-living section of the budget.

Approximately 1.6 million low-income people in 1982-83 will receive AFDC grants to meet the basic needs of children and their caretakers. The average family of three will receive an 8.8 percent cost-of-living adjustment for an aid payment of \$551 per month to meet these needs. The total grant costs will be \$2.8 billion (\$1.28 billion in General Fund money, \$146 million in county funds, and \$1.4 billion in Federal funds

exclusive of cost-of-living adjustments).

Effective July 1, 1982, SSI/SSP recipients will receive an 8.8 percent cost-of-living adjustment. The new aid payment for an aged or disabled person will be \$478 and for a blind person \$535 per month. Approximately 717,600 Californians will receive these payments during the budget year, at a General Fund cost of \$1.04 billion (exclusive of cost-of-living adjustments).

In the Food Stamp program, an estimated \$615.2 million in food stamp coupons will help approximately 1.66 million people to receive food during the 1982-83 fiscal year.

For 1982-83, the IHSS budget is estimated to be \$272.4 million comprised of \$150.8 million General Funds, \$120.7 million Federal Funds, and \$.9 million county funds (exclusive of cost-of-living adjustments). The program will serve approximately 112,000 IHSS recipients each month in 1982-83.

Among the more significant program changes are:

- SB 633 will continue to be operational in 1982-83. Again, program adjustments can be made utilizing the priority system established by SB 633 to stay within budgetary limits.
- The budget proposes to increase the General Fund contribution to the IHSS program by \$13 million in 1982-83. This increase will fund anticipated caseload growth in IHSS, but will not replace reduced Federal funds available to the program.
- A General Fund buy-out of Federal Title XX funds used for Family Planning is proposed. Currently, the DSS contracts with the Department of Health Services for a \$4 million federally funded Family Planning program. However, due to a change in federal law, Family Planning is no longer a required Title XX program. The budget proposes to buy-out this program with General Funds. The result is a \$4 million General Fund reduction and a \$4 million increase in Federal funds in the DSS budget, offset by a \$4 million increase in General Fund and a \$4 million decrease in Federal funds (reimbursement) in the DHS budget.
- In 1981-82, it was proposed that the Community Care Licensing Division discontinue the licensing of Family Day Care Homes.

Chapter 102, Statutes of 1981 (AB 251) continued the licensing of this category of community care facility but at a modified level of effort and a reduced level of funding (\$4.1 million). The licensing of Family Day Care Homes will be continued through 1982-83 at the reduced level.

- It is proposed that staff in the Information Systems Management Division be augmented by 123.5 personnel years in fiscal year 1982-83, to perform increased workload as the Statewide Public Assistance Network (SPAN) moves from the project planning stages into the demonstration and implementation phases. Major activities for the last half of fiscal year 1981-82 through 1982-83 will focus on implementation of a two-county demonstration project in March 1982, and evaluation, preparation and implementation of a four-county pilot operation in 1982-83.

Employment Development Department

The Employment Development Department provides a labor exchange facility for jobseekers and employers, helps welfare recipients and other disadvantaged persons, and young people to become self-sufficient through job training and employment, administers the Unemployment Insurance (UI) and Disability Insurance (DI) programs, and administers the tax collection and accounting functions under the UI, DI and Personal Income Tax withholding programs.

Current Accomplishments

California Worksite Education and Training Act utilized approximately \$8.3 million for the program in 1981-82 to train approximately 4,842 people. This training is conducted by 120 projects throughout California. Approximately 68 percent of the trainees are being trained in electronics, nursing, and various machine trades.

Also, Phase I of the Employment Preparation Program was implemented in San Mateo, Lake, and Ventura Counties. Approximately 2,500 clients received intensive training efforts in an attempt to assist AFDC applicants and recipients in finding jobs as quickly as possible.

Proposed Budget

A new \$10 million is proposed for continuation of the CWETA program. The funds will be used to continue the program as the original appropriation of \$25 million will be fully expended. These new funds will be used to train an additional 3,000 individuals.

The second phase, or Payment Component, of EPP will be implemented in 1982-83. The budget proposes an additional \$591,000 and 19.8 positions to implement this phase in two counties. This component will test the feasibility of separating the delivery of subsistence and employment assistance to non-exempt AFDC applicants/recipients from financial assistance provided to exempt AFDC recipients who do not register with EDD.

Additionally, \$11 million is being proposed as part of the "Investment in Economic Strength" initiative.

Department of Rehabilitation

Current Accomplishments

The department is completing a study on the feasibility of establishing pilot projects that would alter the delivery of services to the severely disabled through a system of comprehensive service centers. Once the feasibility study has been completed and approved, the department will utilize \$505,000 appropriated by Chapter 1183/80 to establish five comprehensive service centers.

Proposed Budget

The budget proposes an additional 9.0 positions and \$1 million to continue the operation of pilot comprehensive service centers. It is anticipated that 1,250 clients will receive services through these five centers.

Additionally, the budget proposes a \$8,280 million increase for caseload growth in the Work Activity Program and a five percent cost-of-living adjustment which is equivalent to \$2,124 million.

BLOCK GRANT

Chapter 1186/81 (AB 2185) set forth the intent of the Legislature as to how the Administration was to accept and administer Federal block

grants in fiscal year 1981-82. In addition, AB 2185 required that the Governor's Budget include specific information and "... separately highlight and summarize this information in the proposed budget." In the Program Reductions of the "A" pages, a short summary of the block grants are provided. Following is a more detailed description as required by AB 2185. It must be stressed that the amounts shown for both 1981-82 and 1982-83 are estimates and, because appropriations have not yet been made for many of the block grants for 1981-82, are subject to significant changes.

1. Title XX Social Services Programs

This block grant was one of the two authorized for assumption during the current year, because (1) the programs contained within it have for several years been wholly administered through the State budget and, therefore, would involve no new activities for decision, (2) these programs are also substantially funded by the General Fund, (3) it did provide for flexibility which would allow the State to make priority decisions in making the reductions which would not have been the case if the Federal Government had administered it and have been required to make prorata reductions, and (4) by assuming both this and the LIHEAP block grant 10 percent of the LIHEAP funds could be and were transferred to this block grant.

Funds contained in this block grant are for services directed at the national goals of (1) achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency, (2) achieving or maintaining self-sufficiency, including reduction or prevention of dependency; (3) preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating or reuniting adults unable to protect their own interests, or preserving, rehabilitating or reuniting families; (4) preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care; and (5) securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions. Clients served under both children's and adults' programs are those in danger of abuse, neglect or exploitation. Eligibility for

some programs is determined on the basis of either status eligible (AFDC or SSI/SSP—which include aged, blind and disabled) or income eligible. Providers of service are the county welfare departments, with the exception of individually hired providers and a few third-party contracts for the provision of In-Home Supportive Services (IHSS) and, in unique situations, portions of mandated and optional Other County Social Services (OCSS) programs.

Programs contained in this block grant are also funded by some \$122 million of State General Funds in 1981–82. The reduction of Federal funds for these programs was about \$57 million in 1981–82 and an additional \$11 million in 1982–83. These reductions are somewhat offset by the transfer of \$8 million in LIHEAP in both years and \$5.4 million of one-time Title IV-B Federal funds available in 1981–82. In addition, \$13 million of additional General Funds are proposed in 1982–83 for the IHSS portion of this program to support anticipated increased caseload. Nevertheless, this reduction has significant impact on these program areas. This impact was met as follows:

a. In order to enable counties to continue to provide the highest possible level of service following the funding reduction, the Department of Social Services made two major changes in the OCSS portion of this block grant.

(1) Regulations were revised to eliminate the mandate that counties provide the following four types of Title XX services: Employment-related, Health-related, Child Day Care Case Management, and Family Planning, and to delete detailed program content requirements for several other mandated services.

(2) The funding for four programs—OCSS, 24-hour Emergency Response, Child Welfare Services, and County Services Staff Development—was combined in order to simplify claiming and provide counties with greater flexibility to use available funds for local services priorities.

b. Chapter 69, Statutes of 1981 (SB 633) provided direction to the Department of Social Services and county welfare departments on the order in which services were to be

eliminated if IHSS program reductions were needed. These are:

- (1) Reduction in the frequency with which non-essential services are provided.
- (2) Elimination of non-essential service categories.
- (3) Termination or denial of eligibility to persons requiring only domestic services.
- (4) Termination or denial of eligibility to persons who, in the absence of services, would not require placement in a medical out-of-home care facility.
- (5) Per capital reduction in the cost of services authorized.

Counties have prepared plans, as required by Chapter 69, to reduce services in accordance with these priorities in order to stay within their allocations.

The Budget Act of 1981 appropriated Federal funds for training for county welfare staff, foster parents and child care providers. As a result of the Federal budget reductions, beginning October 1, 1981, funds were allocated only for the continuation of stipends for the remainder of the school year to county welfare staff pursuing MSW degrees.

Title	1981-82 Planned Before Federal Reductions	1981-82 Adjust- ment	1981-82 Adjustment State Only Share	1982-83 Proposed	1982-83 Admin. \$	% of Total
Title XX ¹	\$322,754	\$265,302	\$265,302	\$254,555	\$9,378	N.A.

¹ Only block grants accepted by California in 1981–82. Remainder continued to be administered as categorical programs by Federal Government until California takes over as block grants on October 1, 1982.

2. Low Income Home Energy Assistance Program (LIHEAP)

Besides Title XX, this was the only other block grant assumed in 1981–82. Like Title XX, the activities under this program had previously been completely administered though the State budget and the grant was essentially the same as the previous categorical programs contained within it. In addition assumption of both this and the Title XX block grants enabled the transfer of 10 percent or about \$8 million from this \$80 million block grant to the Title XX grant programs. While the funding for the block grant is essentially the same as projected before the Federal revisions, there are considerably less funds available for the basic purposes than in prior years. This is because (1) the transfer of

funds to Title XX, and (2) the inclusion of two programs, Weatherization and Energy Crisis Intervention at about \$5 million each for both years, which had previously been funded as separate categorical programs.

The primary objective of the LIHEAP Program is to provide financial assistance to low-income persons to help them meet the increasing costs of home energy and by providing other direct assistance to meet emergency situations which are energy related through an energy crisis intervention program. A weatherization component also is included which will result in energy conservation and long-term savings to California low-income residents. Households whose income are at or below 130 percent of the March 1981 Office of Management and Budget (OMB) poverty guidelines will be eligible for direct financial assistance through this grant. Payments will be made directly by OEO. Community Action agencies and community-based organizations will be providing the energy crisis and weatherization services through subgrants from OEO.

Administrative activities for this program include: review and verification of applications, data processing activities to compile data for payment issuance, reviewing proposals, writing and monitoring subgrants for energy crisis assistance and weatherization components, fair hearing process, and hiring of temporary personnel and business services and accounting activities in support of the program. Subgrantees will also be receiving administrative funds to administer the energy crisis assistance and weatherization components. In addition to basic administration, direct support services will be provided to assure that eligible persons are identified and served.

Title	1981-82 Planned Before Federal Reductions	1981-82 Adjust- ment	1981-82 Adjustment State Only Share	1982-83 Proposed	1982-83 Admin. \$	% of Total
Low Income Energy Assistance ¹	80,883	80,640	80,640	80,640	4,536	5.6%

¹ Only block grants accepted by California in 1981-82. Remainder continued to be administered as categorical programs by Federal Government until California takes over as block grants on October 1, 1982.

3. Alcohol and Drug Abuse Services
This block grant is actually part of an Alcohol, Drug Abuse and Mental Health block grant but is discussed separately because this block grant is divided between the Departments

of Alcohol and Drug Programs and Mental Health. The block grant covers Alcohol and Drug programs that are administered through the Department as well as programs going directly from the Federal Government to local entities which will now be administered by the State. This represents a trend that has been occurring over the past several years in this program.

The programs containing block grant funding involve the Alcohol Program and the Drug Program which are found on pages HW 28 through HW 32, respectively, in the Governor's Budget for FY 1982-83.

The Department presently administers alcohol programs funded from two primary sources—State General Funds and Federal Hughes Formula Grant funds. These funds are allocated and subvented to counties through a single mechanism called the Alcohol Services Reporting System (ASRS).

The Federal block grant affects alcohol programs because it consolidates and incorporates the Hughes monies, formerly authorized for Alcohol programs, into the block grant. In addition, the block grant also includes monies authorized under the Hughes Act which the National Institute on Alcohol Abuse and Alcoholism (NIAAA) presently uses to fund projects directly in California. While these direct projects are not presently administered by the Department, the Department proposes to assume administrative responsibility for the projects and funds during the 1982 fiscal year.

It is the Department's plan to administer the NIAAA project funds through the existing ASRS subvention system, which is currently used to subvent the General Fund and Federal Hughes dollars to the counties. The administration of the direct project funds through this system will provide for the orderly transition of these projects to the block grant and will result in the most cost-effective administration system for all alcohol abuse funding.

The Department presently administers drug programs funded from four primary sources—State General Funds, Federal 409 Formula Grant funds, federal Section 410 treatment funds, and Federal prevention and education funds (SPCP). The funds are distributed to the local level using two mechanisms: subvention and contracting. The State General Funds and

the Section 409 funds are allocated and subvented to the counties using the Short-Doyle Cost Reporting/Data Collection (CR/DC) subvention system. The Federal 410 and SPCP monies are Contracted to counties and local providers of service.

The Federal block grant affects drug programs because it consolidates and incorporates the Section 409, Section 410, SPCP monies, formerly authorized for drug programs, into the block grant. Assumption of the block grant will enable the Department to eliminate the restrictive and costly categorical grant requirements associated with these grants, and to implement a single subvention system. The benefits of using a single subvention system are:

—A single system of payment and reporting for drug abuse funding at the State, county and provider level will streamline the administration of drug programs. Presently, drug programs are administered through a contracting, system and the CR/DC system. This requires separate claims processing, accounting, and administrative reporting requirements. The elimination of this dual system, and the above requirements, will result in the most cost-effective administrative system for all drug abuse funds.

The block grant will also include monies for prevention and education which the National Institute on Drug Abuse (NIDA) presently uses to fund projects directly in California. While these direct projects are not presently administered by the Department, the Department proposes to assume administrative responsibility for the projects during the 1982 fiscal year.

While inclusion of the NIDA direct projects and funds within the block grant will increase the administrative responsibility of ADP, the workload impact of assuming these six projects will be minimal and has been incorporated into the proposed, reduced staffing level for the Drug Program under the block grant.

It is the Department's plan to administer the NIDA project funds through the existing CR/DC subvention system, which is currently used to subvent the General Fund and Federal 409 dollars to the counties. The administration of the direct project funds through this system will provide for the orderly transition of these projects to the block grant and will result in the

most cost effective administration system for all drug abuse funding.

The net impact on the Department of implementing the block grant will be the reduction of seven positions from the existing program authorized for FY 1981-82. The proposed changes to the Department's current operations will occur through the use of a single subvention system for the administration of block grant funds, together with State General Funds, for both the Alcohol Program and the Drug Program. These systems (ASRS and CR/DC) will result in the streamlining of current administrative systems for both programs.

The increased administrative responsibilities in assuming the NIAAA direct projects will be provided for through increased staffing within the Alcohol Program. Due to the minimal workload increase involved in assuming administrative responsibility for the NIDA direct projects, the Drug Program will experience no increase in staff, and as a result of the elimination of categorical grant requirements, proposes to reduce its staffing level.

Title	1981-82 Planned Before Federal Reductions	1981-82 Adjust- ment	1981-82 Adjustment State Only Share	1982-83 Proposed	1982-83 Admin. \$	% of Total
Alcohol and Drug ² ..	34,000	39,554	30,854	32,737	2,577	7.9%

4. Mental Health—Community Mental Health Centers

This is the portion of the Alcohol, Drug and Mental Health Services block grant which will be administered by the Department of Mental Health (DMH) as of October 1, 1982. Prior to the assumption by DMH, these grants were made directly to Community Mental Health Centers by the Federal Government.

Community Mental Health Centers grants are awarded in five categories: Initial Operation, Financial Distress, Consultation and Education, Staffing and Part F Staffing. Centers serve people within federally designated catchment areas with a comprehensive range of services. The requirements of this block grant include provisions that funds be used to continue to support eligible centers.

The block grant allows up to 10 percent to be used by the Department for administration which would include evaluation and approval of grants, program monitoring and evaluation of services and fiscal management. Details of the level proposed for administration and operation

of this program will be provided prior to legislative hearings on this budget item.

Title	1981-82 Planned Before Federal Reductions	1981-82 Adjustment	1981-82 Adjustment State Only Share	1982-83 Proposed	1982-83 Admin. \$	% of Total
Mental Health ²	18,044	17,876	-	14,280	1,428	10.0%

5. Community Services

This block grant encompasses funds that had previously been furnished to Community Services Agencies directly by the Federal Government. The Office of Economic Opportunity will assume responsibility for administering this block grant on October 1, 1982.

The principal objective of the community services programs is to provide a wide range of activities designed to assist low-income persons to: secure and retain meaningful employment; attain an adequate education; make better use of available income; obtain and maintain adequate housing and a suitable living environment; remove obstacles and solve problems which block the achievement of self-sufficiency; achieve greater participation in the affairs of the community; and provide emergency assistance to meet immediate and urgency need. The Office proposes that all 58 counties in California and the low-income populations within them will be served equitably through the use of an allocation formula based on the number of low-income persons in the county.

Subgrants to community agencies will be based on a request for proposal process to insure fairness of competition in applying for funds. Award criteria will be developed based on the greatest needs of the low-income population, and the capability of the applicants to have major impact on the cause and conditions of poverty.

Administrative activities equal to 5 percent of the total program are budgeted for the OEO. These administrative funds will be used to establish subgrant award and program monitoring processes and personnel, accounting and business services activities to support the program.

Title	1981-82 Planned Before Federal Reductions	1981-82 Adjustment	1981-82 Adjustment State Only Share	1982-83 Proposed	1982-83 Admin. \$	% of Total
Community Services Agency	32,830	32,830	-	31,536	1,577	5.0%

² Two parts of the Alcohol, Drug and Mental Health block grants are shown separately since they are to be administered by separate departments.

* Prior to DHS assuming this block grant, these programs were allocated directly between the Federal Government and local entities.

6. Maternal and Child Health Block Grant

The Maternal and Child Health (MCH) block grant consists of eight programs, three of which are new to State administration. The Department of Health Services will assume the block grant on October 1, 1982. The MCH block grant is intended to provide funds for health services to mothers and children to reduce infant mortality, the incidence of preventable diseases and handicapping conditions among children, rehabilitative services for blind and disabled individuals under the age of 16, and treatment and care for crippled children. The populations served by this block grant are categorical groups of persons with special needs.

The program included in the block grant are:

- a. *Genetic Diseases*—genetic testing and counseling programs.
- b. *SSI—Disabled Children's Program*—assistance in obtaining medical and other services to families with a disabled child.
- c. *Sudden Infant Death Syndrome Information and Counseling (SIDS)*—counseling and information services.
- d. *Crippled Children's Services*—medical and related services to handicapped children.
- e. *Maternal and Child Health Services (MCH)*—services to reduce infant mortality, improve the health of mothers and children and reduce the incidence of handicapping conditions associated with childbearing.
- f. *Childhood Lead-Based Paint Poisoning Prevention*—lead-based paint poisoning prevention program.*
- g. *Comprehensive Hemophilia Diagnostic and Treatment Centers*—ambulatory diagnostic and treatment centers for persons with hemophilia.*
- h. *Adolescent Pregnancy and Services*—community-based health, education, and social services for adolescents at risk of unintended pregnancy, for pregnant adolescents, and for adolescent parents.*

Certain restrictions have been placed on the use of funds within the MCH block grant including:

- MCH block grant funds are not transferable to other block grants.
- States must match three dollars for every four Federal dollars.

- Fifteen percent of the nationwide block grant funds will be set aside in Federal Fiscal Year 1982 in discretionary funds for the Secretary of the Department of Health and Human Services to fund programs of national significance.

Title	1981-82 Planned Before Federal Reductions	1981-82 Adjust- ment	1981-82 Adjustment State Only Share	1982-83 Proposed	1982-83 Admin. \$	% of Total
Maternal and Child Health	23,515	21,336	17,526	21,336	582	3.3%

7. Preventive Health and Health Services Block Grant

The Preventive Health and Health Services Block Grant which DHS will assume October 1, 1982 consists of eight programs, three of which will be new to DHS administration. The Preventive Health Block Grant is intended to provide funds for a variety of public health services to reduce preventable morbidity and mortality and improve the quality of life.

The programs included in the block are:

- Urban Rat Control*—demonstration programs for eliminating rat problems.
- Hypertension Program*—screening, detection, diagnosis, prevention and referral for treatment of prescribed for hypertension.
- Health Incentive Grants for Comprehensive Public Health Services*—assist in meeting the cost of providing public health services.
- Health Education-Risk Reduction*—coordinate and evaluate education programs which emphasize personal choice and reducing health risks.
- Flouridation Grants*—promoting, implementing and maintaining flouridated water systems.
- Rape Prevention and Crisis Services*—services to rape victims and rape prevention programs.*
- Home Health Services and Training Grant Program*—training of para-professional and professional personnel in home health services.*
- Emergency Medical Services*—development of area wide emergency medical services. Funding for the portion of this block grant is shown in and appropriated to the Office of Emergency Medical Services.*

* Prior to DHS assuming block grant, these programs were allocated directly between the Federal Government and local entities.

The population served are those in areas identified as high risk, usually low-income and minority groups most in need of the various prevention services. The population falls into two broad categories:

- Areas of communities with special needs (i.e., rat control).
- Categorical groups of people with special needs (i.e., rape victims).

Certain restrictions have been placed on the use of funds within the Preventive Health Block Grant, including:

- A 7 percent limit on the transfer of funds to the other health blocks grant.
- A 10 percent limit on indirect costs.
- In Federal Fiscal Year 1982, hypertension programs must be funded at 75 percent of the Federal FY 1981 allocation.
- \$3 million of the total national appropriation must be set aside for rape crisis centers.

Title	1981-82 Planned Before Federal Reductions	1981-82 Adjust- ment	1981-82 Adjustment State Only Share	1982-83 Proposed	1982-83 Admin. \$	% of Total
Preventive Health.....	7,160	6,724	4,539	6,829	211	4.6%

8. Community Development

Title I of the Housing and Community Development Act of 1974 consolidated nine categorical housing and community development programs into one Community Development Block Grant (CDBG). The portion of the CDBG program which is transitioned to the States provides grant for housing and community and economic development to small cities and counties. Such grants are typically used for housing rehabilitation and development and the installation of infrastructure. Housing and Community Development will be assuming this grant on October 1, 1982.

The Department proposes to make grants to cities and counties based upon competitive evaluation and ranking of applications proposing a program of local housing, community development, or economic development activities. Small cities programs will be added as a new unit to the existing Remote Rural Demonstration Unit.

Program administration will include the selection of grantees, the award of grant funds and disbursements, and the monitoring and evaluation of local program accomplishments.

Title	1981-82 Planned Before Federal Reductions	1981-82 Adjust- ment	1981-82 Adjustment State Only Share	1982-83 Proposed	1982-83 Admin. \$	% of Total
Housing and Com- munity Develop- ment.....	27,000	23,000	-	23,000	542 (205 GF)	2.4%

9. State Educational Block Grant

Pursuant to the Education Consolidation and Improvement Act of 1981, as of July 1, 1982, approximately 29 Federal categorical programs will be consolidated into a new Federal block grant. Funds for the new block grant will be allocated to States on the basis of each State's share of the school age population. Out of the funds received by each State, the State Education Agency may retain up to 20 percent for projects which are authorized under the Act and for State administration. The remainder, which must be at least 80 percent of the State's grant, is to be allocated to Local Education Agencies on the basis of a formula which uses enrollment as its primary factor. In general, funds appropriated under the Act may be used for any of the purposes which were formerly authorized by the programs now included in the block grant. The enabling legislation also creates a State advisory committee which is appointed by the Governor and charged with advising the State Educational Agency on: the percentage and use of funds retained for State use, and the formula for distributing the remaining allocation to Local Education Agencies.

The population to be served, either directly or indirectly, by the new block grant are elementary and secondary education students (including preschool) attending both public and private schools. This is the same population which was served by the 29 programs which were combined to form the educational block grant.

In the past, the target population has been

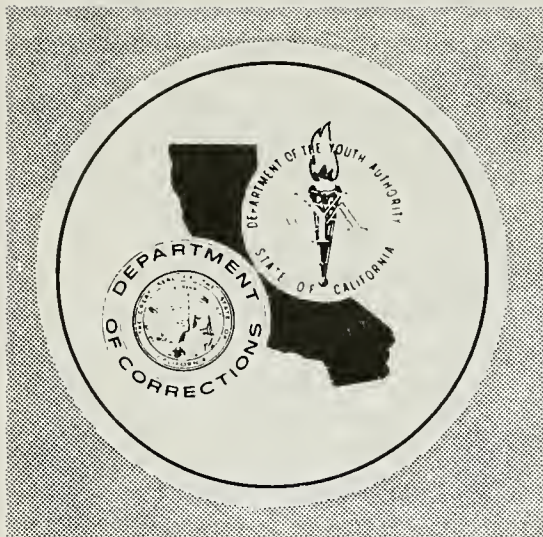
served by these programs through a wide variety of agencies and institutions including public schools (grades K-12), private non-profit schools (grades K-12), and county offices of education. In addition, institutions of higher education and other public, as well as private non-profit, organizations have received funds for projects and programs designed to meet the needs of the target populations. It is anticipated that many of these entities will continue to receive some level of support in the future.

The State Educational Agency has a number of administrative responsibilities under the new Block Grant legislation including: involvement in the development of an entitlement formula; distribution of formula entitlement funds to LEAs; administration of programs operated at the State level; submission of a State application for funding to the Secretary of Education dissemination of information; evaluation of the effectiveness of funded programs, maintenance of appropriate records; and performing fiscal audits.

The Department is currently working on the integration of these new activities into ongoing operations. However, this task cannot be completed until various aspects of the new law are clarified. Specific details of how the Department proposes to allocate these administrative funds will be determined after input and advice is received from the Advisory Committee appointed by the Governor. These specific proposals will be available before or during legislative hearings.

Title	1981-82 Planned Before Federal Reductions	1981-82 Adjust- ment	1981-82 Adjustment State Only Share	1982-83 Proposed	1982-83 Admin. \$	% of Total
Education ⁴	65,046	65,046	41,959	42,000	8,400	20.0%

⁴ Begins as block grant on October 1, 1982. Continues as categorical program until then.



Youth and Adult Correctional Agency

Effective December 20, 1979, the Governor approved Reorganization Plan No. 3 of 1979, creating the Youth and Adult Correctional Agency, in response to Chapter 1252, Statutes of 1977. The new agency provides communication, coordination, and budget and policy direction for the Departments of Corrections and the Youth Authority and the Board of Prison Terms, Youthful Offender Parole Board, Board of Corrections, Correctional Industries Commission, and the Narcotic Addict Evaluation Authority. The Agency Secretary is the chairperson of the Board of Corrections.

DEPARTMENT OF CORRECTIONS

The principal programs of the Department of Corrections are the control, care and treatment of persons who have been convicted of serious crimes, or those admitted to the civil narcotic program, and committed to state correctional facilities. The Department's objectives also include supervision of individuals who have been paroled from correctional facilities and returned to the community.

The Department of Corrections is required by statute to accept convicted felons and committed nonfelon narcotic addicts from California courts when their sentence is imprisonment in a State correctional facility. It is the Department's responsibility to provide safe and secure detention facilities to protect society from further criminal activities and to provide necessary services such as feeding, clothing, medical care, and

treatment programs including academic and vocational education, and psychiatric and counseling services. In carrying out this responsibility, the Department operates 12 correctional institutions and three reception centers. In addition, the Department operates a Re-entry Program. The primary objective of this program, consistent with the public's safety, is to increase the rate and degree of successful transitions of adult offenders who have been, or who are in the process of being, released to the jurisdiction of the Parole and Community Services Division.

The Parole and Community Services Program currently operates through four parole regions.

Proposed Budget

Current projections for the Department of Corrections forecast a continued increase in the institution population from a budgeted level of 28,220 to 30,680 in the current year and a projected population of 34,775 by the end of the budget year. The Department's proposed budget provides 849.2 new positions and an additional \$35.3 million for the necessary support services for this increased population and related workload.

Total support expenditures in 1982-83 for departmental institutions and camps, federal and local government facilities, and community facilities are budgeted at \$533.4 million and 10,356.9 person-years.

As part of its long range planning for upgrading the existing plants and for new facilities to

meet increased inmate population needs, the Department of Corrections has developed a Facilities Requirements Plan for a comprehensive capital outlay package covering the next 10 years. For the 1982-83 increment of the plan, the Administration is requesting \$161.8 million including \$69.3 million for construction at Tehachapi, and \$23.3 million for planning at San Diego, Adelanto, and Folsom. These facilities are scheduled to provide 5,550 beds by 1986. An additional 6,300 beds are proposed by constructing temporary housing units, medium security facilities, and camps. The funding for these facilities is contingent on the passage of the New Prison Construction Bond Act, which would authorize issuance of \$495 million in general obligation bonds to finance capital outlay needs of state prisons. An additional \$14.4 million is requested for routine capital outlay projects from the Special Account for Capital Outlay Fund.

BOARD OF CORRECTIONS

The principal activities of the Board of Corrections relate to the functions of local corrections in the State. The Board promulgates standards relating to conditions of confinement for adults placed in county and city detention facilities including design of physical plant, fire and life safety, program activity, food, clothing, bedding, medical care and sanitation.

Proposed Budget

Chapter 1351/80 (AB 3245) established the County Jail Capital Expenditure Fund to provide assistance to local jails. AB 3245 requires the Board to conduct needs assessment surveys for local correctional/detention facilities including review of facilities, incarceration practices, jail population projections, and assistance in development of architectural design/programming. The surveys will provide local government with reliable data for purposes of making decisions on remodeling or construction of local correctional facilities.

The current year budget appropriated \$40 million. In December of 1981, the Board awarded \$20 million to various counties for remodeling or construction of jail facilities. The remaining funds will be awarded in March of 1981.

This budget proposes to provide \$100 million by bond appropriation contingent upon the pas-

sage of SB 910, which authorizes the issuance of general obligation bonds to provide financing for the capital outlay needs of local jails. An additional \$6 million is available for expenditure from interest earnings on the initial \$40 million appropriation.

The Board also establishes minimum standards for the recruitment, selection and training of all local corrections and probation officers, and provides state aid in the form of grants to any county or city which adheres to the selection and training standards. For the 1982-83 Governor's Budget, \$4.3 million from the Corrections Training Fund is proposed for the second year of a training program for local officers.

BOARD OF PRISON TERMS

The Board of Prison Terms (formerly known as the Community Release Board) considers parole release and establishes the length and conditions of parole for all persons sentenced to prison under the Indeterminate Sentence Law and reviews the sentences of all determinately sentenced (DSL) prisoners. The Board may recommend to the court that the sentence be reviewed and the prisoner resentenced. The Board also may suspend or revoke the parole of any prisoner who has violated parole. The Board may waive parole for any prisoner and may discharge any prisoner prior to the expiration of the statutory maximum parole period. Upon request of persons determinately sentenced, the Board reviews the length and conditions of parole imposed by the Department of Corrections and the Department's denial of good time credit, and may modify the Department's decision. The Board also advises the Governor on applications for clemency.

YOUTH OFFENDER PAROLE BOARD

Chapter 860, Statutes of 1979 separated the Youth Authority Board from the Department of Youth Authority and renamed the Board to the Youthful Offender Parole Board. The separation from the Department of the Youth Authority was effective January 1, 1980.

The Youthful Offender Parole Board makes decisions as to persons committed to the Department of the Youth Authority. These decisions involve setting a date for the person's readiness for return to the community on parole; conditions relating to the persons conduct on parole;

violation and revocation of parole; return to the committing court for redispotion by the court; and discharge of the person from jurisdiction of the Youth Authority.

DEPARTMENT OF YOUTH AUTHORITY

The primary objective of the Youth Authority as stated in Section 1700 of the Welfare and Institutions Code is "to protect society more effectively by substituting for retributive punishment, methods of training and treatment directed toward the correction and rehabilitation of young persons found guilty of public offenses." The Department carries out this mandate to protect the public by: (1) providing residential and community rehabilitation programs which will help persons committed to the Youth Authority to become useful and productive citizens, and (2) accumulating a body of knowledge relative to the causes of delinquency and the treatment and control of those who engage in illegal behavior.

The Youth Authority's programs for offenders are carried out in ten institutions and six conservation camps. The Institution and Camp

Program will provide appropriate care, custody and treatment for 5,842 wards (Average Daily Population) in Fiscal Year 1981-82. In addition, the Department provides post-release services to wards through thirty parole field offices in four parole zones. The average parole population for Fiscal Year 1981-82 is estimated to be 6,717.

Proposed Budget

The Department of the Youth Authority's average daily institutional population is estimated to be 5,950 for the 1982-83 budget year. This represents a projected increase of 108 persons over current year. The proposed budget provides 86.9 positions and \$3 million for security and program staff related to this population increase. Average parole caseload is expected to be 6,764 in 1982-83. To carry out its operations, the budget includes \$245 million and 4,586.1 positions. An additional \$5.1 million is proposed for various capital outlay projects including \$2.5 million for the reconstruction of the Oak Glen 80-bed dormitory and the construction of two new conservation camps.



DEPARTMENT OF EDUCATION

California's public education system is administered at the State level by the Department of Education under the direction of the State Board of Education and the Superintendent of Public Instruction, for the education of more than four million students from preschool age through adulthood. State support of elementary and secondary education has changed significantly since the public approved Proposition 13 in June 1978. During 1978-79, over \$2.1 billion was appropriated from the State surplus to the public schools to replace losses in property taxes resulting from the initiative's enactment. In July 1979, the Legislature approved and the Governor signed without modification, a longer term school finance measure, Chapter 282/79 (AB 8), that established a new general aid support process for the public schools and increased State support for K-12 schools. In the current year (1981-82), the State's share of public school support is in excess of 70 percent, compared to the 39 percent share which existed prior to Proposition 13.

CURRENT ACCOMPLISHMENTS

1. *School Finance*

The 1981 Budget Act provided an 8 percent cost-of-living adjustment to district base revenue limits and a 7.2 percent COLA to the revenue limits of county offices of education. State apportionments for the State's K-12 public schools are estimated to be \$5,942.4 million in 1981-82.

Education

2. *Master Plan for Special Education*

This program insures that all students with exceptional needs receive the services and educational opportunities appropriate to meet their individual needs as determined by an Individual Education Plan (IEP). Chapter 797, Statutes of 1980 (SB 1870) provides for full implementation of the Master Plan for Special Education by 1981-82. It is estimated that 375,000 students will be enrolled in Special Education Programs during 1981-82.

3. *School Improvement Program*

The School Improvement Program, established by Chapter 894, Statutes of 1977 (AB 65), is aimed at restructuring education in kindergarten through grade 12. It replaced the Early Childhood Education Program (ECE) in kindergarten through grade 3. In the current year, program implementation funds of \$136.8 million for grades K-6 and \$25.9 million for grades 7-12 are provided for a total of \$162.7 million. This amount includes \$6.2 million provided for half-year implementation grants for the estimated 149 secondary schools which began the planning process in Fiscal Year 1980-81.

4. *Economic Impact Aid*

Economic Impact Aid is a program which revises and consolidates the former Educationally Disadvantaged Youth and Bilingual Education Programs. Chapter 894/77 (AB 65) added 467 school dis-

tricts to the program in 1979–80, for a total of approximately 1,000. The 1981–82 Budget Act provided \$171.7 million for EIA, with \$156.1 million distributed through the basic formula and \$15.6 million distributed through a special allocation process known as the “bounce file” which was originally used in 1979–80 to supplement formula derived allocations for EIA. Furthermore, in the 1980–81 and 1981–82 Budget Acts, the Legislature required that any district receiving an EIA grant must receive a minimum allotment of \$5,000.

5. *Urban Impact Aid*

Urban Impact Aid provides general aid to unified school districts meeting the criteria of size and concentration of disadvantaged pupils provided in Chapter 894/77 (AB 65). Chapter 282/79 (AB 8) augmented the program for 19 school districts qualifying on the basis of ADA. Statutory authority for the program was extended through June 30, 1984 by Chapter 1354, Statutes of 1980. State aid for this purpose is \$67.1 million in 1981–82.

6. *Child Development*

Chapter 798/80 (SB 863) provided \$9 million for program expansion to serve approximately 3,000 additional children in 1980–81. The same legislation also provided \$4 million for child care capital outlay from the Special Account for Capital Outlay. The 1981–82 Budget Act provided an additional \$3 million to annualize the expansion funds.

The 1981–82 Budget Act also accomplished the transfer of \$52 million in Federal funds and a like amount of General Funds between the Departments of Social Services and Education. This transfer (the Title XX “buyout”) reduced administrative workload and resulted in savings of approximately \$300,000 which were redirected to support child care licensing activities.

PROPOSED BUDGETS

1. *School Finance*

The proposed budget contains \$6,425.2

million for State apportionments to K–12 school districts and county offices of education in 1982–83. Included in the 1982–83 total is \$549.5 million for cost-of-living adjustments. Consistent with current law (Education Code Sections 2557 and 42238), the budget provides school districts and county offices with base revenue limit cost-of-living adjustments averaging 6.9 percent. School districts will receive, on average, \$129 more per unit of average daily attendance in 1982–83 than they received in 1981–82.

The Governor’s 1982–83 Budget also proposes several K–12 apportionment reductions to balance the budget. These are described in the “Program Reductions” section of the “A” pages.

2. *School Improvement Program*

For 1982–83, \$170.8 million, which includes a 5 percent cost-of-living increase, is provided for the School Improvement Program (SIP). Annualization of the secondary school implementation grants begun in Fiscal Year 1981–82 will be funded through redirection within the existing budget level.

3. *Legislative Mandates*

Chapter 1135, Statutes of 1977 (SB 90), empowered the State Board of Control to accept and arbitrate mandated cost claims from local school districts complying with legislation passed since 1973, despite disclaimers exempting these costs from reimbursements. The 1982–83 Governor’s budget provides approximately \$15.0 million to school districts for reimbursement of mandated costs.

4. *State Child Nutrition Program*

The Child Nutrition Program provides for State allocation of funds to school districts and qualifying child care and day care centers to provide reimbursement for costs of providing nutritious school meals. The General Fund level for the needy meals component for 1982–83 is being increased by \$1.3 million, to provide a 5 percent cost-of-living increase over the current year budget level of \$25.4 million.

State School Facilities Aid

CURRENT ACCOMPLISHMENTS

School Facilities Aid

The School Facilities Aid Program was established by Chapter 282, Statutes of 1979 (AB 8) and is directed towards providing construction and maintenance for elementary and secondary classrooms for education of public school pupils. Chapter 899, Statutes of 1980 (AB 2973) appropriates \$200 million annually for school construction from off-shore oil revenue; however, due to significant declines in projected General Fund revenue and a corresponding increase in expenditures, \$200 million originally intended for school construction was transferred to the General Fund in accordance with Section 19.91 of Chapter 99, Statutes of 1981 (1981 Budget Act). In addition, due to a shortfall of Tidelands Oil Revenue, Chapter 998, Statutes of 1981 (AB 114) transferred \$47.2 million to the Special Account for Capital Outlay.

Additionally, Executive Order No. B-87-81 unallotted \$200 million from funds appropriated for school construction in anticipation of potential General Fund revenue/expenditure deficits in Fiscal Year 1981-82.

PROPOSED BUDGET

The State is experiencing serious fiscal problems resulting from declining revenues, increasing expenditures and a recessionary economy. In order to balance the State budget and provide cost-of-living adjustments for a significant number of ongoing education programs, it is proposed for 1982-83 that the \$200 million Tidelands Oil Revenues scheduled for transfer to the School Construction Program be limited to \$100 million. This amount includes the \$47.2 million transferred by Chapter 998, Statutes of 1981 (AB 114).

In addition, the budget proposes to defer the 1982-83 transfer of excess repayments, which are the amounts of repayments on loans to school districts which are in excess of the amounts necessary to repay the bondholders. The excess repayments are anticipated to amount to approximately \$82 million for 1982-83. As the amount of excess repayments is not determined until the end of Fiscal Year 1982-83 and dispersals of such funds are not made until

that time the practical effect of this reduction will be in Fiscal Year 1983-84.

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

The California Postsecondary Education Commission (CPEC) is responsible for developing and annually updating a comprehensive 5-year plan for postsecondary education. The Commission reviews and integrates the long-range plans of the three public segments of higher education (University of California, California State University, and the California Community Colleges). The Commission also acts as the statewide postsecondary education planning and coordinating agency, information clearinghouse, and adviser to the Legislature and Governor.

Current Accomplishments

In addition to the 5-year plan, CPEC developed and implemented an analytical model that estimates changes in student enrollments and student financial aid brought about by changes in student charges in California's public colleges and universities and published several studies designed to improve the transition of high school graduates to two- and four-year postsecondary educational institutions. The Commission will also continue to provide leadership in the development of approaches to financing California's Community College system through the preparation of a series of financing studies and predictive financing models.

Proposed Budget

A one-year General Fund increase of \$83,000 is proposed in 1982-83 to enable CPEC to study the current eligibility and admission standards of the University of California and the California State University in relation to the admission guidelines established in the Master Plan for Higher Education. This study of segmental eligibility pools, which is part of a continuing series performed every five to seven years, serves three functions:

First, the study will establish how closely the existing segmental standards meet the guideline set forth in the Master Plan.

Second, the results of the study will permit the two segments to adjust their admission standards if such action proves necessary.

Third, the study results will serve as an aid to ensure that only those students who possess suitable academic preparation are enrolled in high cost educational institutions.

University of California

Current Accomplishments

In the current year, the University is providing an education to 114,121 full-time equivalent (FTE) students at the general campuses and 12,750 FTE students in the health sciences disciplines. The general campus undergraduate enrollment represents an increase of 3,205 FTE over the level budgeted for the current year. The University will be provided \$4.0 million to fund the increased FTE pursuant to Section 28.9 of the 1981-82 Budget Act.

Proposed Budget

The University is planning to provide education to 113,087 FTE students at the general campuses and 12,701 FTE students in the health sciences disciplines in 1982-83.

To accomplish the mission of providing university-level education, the 1982-83 budget will provide a total of \$1,151 million from the General Fund for the University of California. This represents a \$51.9 million (4.7%) increase above the 1981-82 level of support, exclusive of any amount subsequently granted for salary increases. Included in this total, the budget provides an \$8.6 million increase to accommodate enrollment increases in general campus and health sciences disciplines.

A total increase of \$4.6 million is provided to expand the research activities of the University of California. Included in this amount is \$1 million for faculty research to provide funding for faculty members, to make possible more rapid progress on projects than otherwise would have been possible, and to provide seed money facilitating the acquisition of extramural research grants. \$1 million is provided to expand the research program in microelectronics which was begun in the current year budget as part of an investment in the economy. Also provided is increased funding for the University's research activities in energy (\$1.5 million) and space sciences (\$500,000). An increase of \$600,000 is proposed for a new research effort in global se-

curity and cooperation. This increase will be jointly financed by the General Fund (\$330,000) and University funds (\$270,000).

CALIFORNIA STATE UNIVERSITY

Under the provisions of the California State Master Plan for Higher Education, the California State University (CSU) offers undergraduate and graduate instruction for professional and occupational goals as well as other broad liberal educations. The CSU offers more than 1,500 bachelor's and master's degree programs in over 200 subject areas. Nearly 500 of these programs are offered so that students can complete all upper-division and graduate requirements by part-time late afternoon and evening study. In addition, a variety of teaching and school service credential programs are available. A limited number of doctoral degrees are offered jointly with the University of California and with private institutions in California.

Responsibility for the California State University is vested in the Board of Trustees. This Board, whose members are appointed by the Governor, appoint the Chancellor who is the chief executive officer of the system, and the campus Presidents, who are the chief executive officers of the respective campuses.

Current Accomplishments

The 1981-82 budget provides funds for 236,850 full-time equivalent (FTE) students. In accordance with Section 28.9 of the 1981 Budget Act, an additional \$1,004,000 is requested to finance an unanticipated enrollment growth of 669 FTE in excess of two percent of the initial budgeted enrollment. Due to a limit of \$5 million as set forth by Budget Act Section 28.9 in the total augmentation available to CSU and UC for unanticipated enrollment growth CSU received only \$1,004,000 of the \$1,304,000 requested.

Proposed Budget

The 1982-83 budget proposes a total of \$986.9 million in General Fund support. This represents an increase of \$23.4 million over the amount appropriated for support of CSU during 1981-82.

This budget proposes to limit student fee increases to no more than \$55 per FTE plus an

average of \$18 per student for normal student service fee increases.

The 1982-83 budget also proposes \$9.8 million from the Capital Outlay Fund for Public Higher Education for special repairs and instructional equipment replacement.

BOARD OF GOVERNORS CALIFORNIA COMMUNITY COLLEGES

The Board of Governors provides statewide leadership to the 70 community college districts and 107 community colleges and serves as a planning, coordinating, reporting, advising, and regulating agency. The Chancellor's Office is the administrative arm of the Board. It directly administers a credentialing program, the State-funded Extended Opportunity Programs and Services (EOPS), certain aspects of federally funded occupational programs, a grant program for community colleges engaged in projects of innovative and nontraditional methods of instruction, and State apportionments to the 70 local districts.

Current Accomplishments

AB 8 (Chapter 282/79), which had governed community college finance since July 1979, expired on June 30, 1981. New community college finance law governing 1981-82 and 1982-83 became effective with the enactment of AB 1626 (Chapter 103/81) in June 1981. AB 1626 subsequently was amended by AB 1369 (Chapter 1178/81) in October 1981. AB 1626, as amended by AB 1369, calls for a 5 percent cost-of-living adjustment (COLA) in both 1981-82 and 1982-83, and caps funding for average daily attendance (ADA) growth at 2.5 percent annually but does not mandate funding for any growth ADA. These bills also institute differential funding for credit and noncredit ADA for the first time.

State apportionments for community colleges totalled \$1,035.1 million in 1981-82. This amount of State aid is smaller than both the past year and the budget year because of the one-time use of \$60.1 million in previously "frozen" 1978-79 unsecured local property tax revenue. The total of State and local community college revenue in 1981-82 will fund the statutory COLA and the maximum ADA growth eligible for State support in 1981-82.

Proposed Budgets

For 1982-83, the Governor's Budget includes funds sufficient to provide the statutory COLA for apportionments but, because of strict budgetary constraints, no funds are included for general ADA growth. However, \$7.5 million is included in the budget for limited ADA growth in employment-based job training programs and job training courses in high technology fields. This additional targeted funding will address serious labor market shortages in blue-collar and skilled technician jobs and will also promote employment among welfare recipients.

Also proposed is a \$2.5 million augmentation to the Community College Fund for Instructional Improvement for the purpose of fostering districtwide or regional vocational training programs in high technology fields. This augmentation will be allocated to districts or consortiums of districts in the form of equal dollar matching grants awarded on the basis of criteria to be established by the Chancellor's Office.

For 1982-83, the Governor's Budget also proposes the use of \$6 million from the Capital Outlay Fund for Public Higher Education for the purpose of funding deferred maintenance projects in community college districts. A deferred maintenance program was established by SB 841 (Chapter 764/81), but no funding for the program was included in the enabling legislation. It is estimated that in excess of \$77 million will need to be spent over the next five years to eliminate the current backlog of deferred maintenance projects in community college districts.

STUDENT AID COMMISSION

The State of California provides financial assistance through various programs which assist academically able, financially needy students pursuing postsecondary education opportunities. The major portion of this aid is provided through the Student Aid Commission and enables students to attend private as well as public institutions at both undergraduate and graduate levels. The Commission's primary programs are: (1) the Cal Grant Award program through which grant assistance is provided to undergraduate students and (2) the State Guaranteed Student Loan Program through which low cost, federally reinsured loans are made available by

commercial lenders to undergraduate as well as graduate students at no cost to the State.

Current Accomplishments

In 1981-82, the Commission will administer approximately \$90.7 million in grant assistance with 63,687 students receiving aid. In addition to the grant programs, this agency administers the State Guaranteed Student Loan program and serves as the State guarantee agency for these federally reinsured student loans. This rapidly expanding program was initially estimated to generate \$350 million of new loans during 1981-82. However, current estimates indicate that the 1981-82 loan volume will be approximately \$500 million which is over a 40 percent increase compared to budgeted support levels. As support (both personnel and contract processing costs) required for this program is driven by loan volume, a current year augmentation of \$594,000 will be provided under the authority of Section 11006 of the Government Code. These funds have no impact on the General Fund since they are provided from the State Guaranteed Loan Reserve Fund, a non-governmental cost fund established to ensure that the program is entirely self-supporting.

Proposed Budgets

For 1982-83, \$91.0 million will provide grant assistance to 65,922 students. The General Fund request includes \$2.8 million over the 1982-83 baseline level to fund a five percent nonstatutory cost-of-living increase in the Cal Grant Program, the Graduate Fellowship Program and the Bilingual Teacher Grant Program. In addition, the 1982-83 budget includes an increase of \$3.4 million over the baseline level from the State Guaranteed Loan Reserve Fund to accommodate the full year support costs resulting from the increased student loan volume.

HIGHER EDUCATION CAPITAL OUTLAY

Deciding upon the proper amount and timing of capital expenditures for education is a complex and difficult task. Problems relating to construction, technology, and design are different for each project, but beyond that are the questions of the number and mix of students to be served and the most equitable methods of financing the facilities ultimately approved. The Capital Outlay Program for Higher Education

continues to fund the highest priority needs for Higher Education. The 1982-83 Capital Outlay Program proposes utilization of resources from four funds: the Capital Outlay Fund for Public Higher Education (COFPH) (\$81,454,000); the Energy and Resources Fund (ERF) (\$4,394,000); the Health Science Facilities Construction Program Bond Fund (\$542,000); and the Community College Construction Program Bond Act of 1972 (\$427,000).

The Capital Outlay Fund for Public Higher Education is funded from a portion of the State's Tideland Oil Revenues. Revenues in the fund for 1982-83 are proposed to be expended for capital outlay needs for the University of California, General Campuses (\$28,523,000) and Health Sciences (\$7,879,000); the California State University (\$24,725,000); the California Maritime Academy (\$456,000); and the California Community Colleges (\$19,871,000).

The Energy and Resources Fund was established by Chapter 899, Statutes of 1980 and receives its income from a portion of the State's Tideland Oil Revenues. The 1982-83 Governor's Budget proposes \$4,394,000 from the Energy and Resources Fund to provide a greater emphasis towards the development of preliminary plans for six cogeneration plants at three UC campuses and three campuses at the California State University. Funding is also proposed for eight additional energy related projects at three UC campuses and five campuses at the California State University.

The Health Sciences Facilities Construction Program Bond Fund receives its income from the sale of general obligation bonds and is used exclusively to finance Health Science capital outlay projects for the University of California. The expenditures proposed for this budget will substantially exhaust the bonds authorized by the electorate in 1972.

The Community College Construction Program Bond Act of 1972 received its income from the sale of general obligation bonds, and is used exclusively to finance capital outlay projects for the California Community Colleges. The expenditures proposed for this budget will substantially exhaust the bonds authorized by the electorate in 1972.

The following Table IV illustrates the relationship between fund sources and the proposed use of those funds by the education segments.

TABLE IV
TOTAL EXPENDITURES FOR MAJOR AND MINOR CAPITAL OUTLAY IMPROVEMENTS
FOR THE SEGMENTS OF EDUCATION

1982-83
(in thousands)

	<i>University of California</i>		<i>California State University</i>	<i>California Maritime Academy</i>	<i>California Community Colleges</i>	<i>Total Capital Outlay Expenditure by Fund</i>
	<i>General Campuses</i>	<i>Health Sciences</i>				
Expenditures from:						
Capital Outlay Fund for Public Higher Education	\$28,523	\$7,879	\$24,725	\$456	\$19,871	\$81,454
Energy and Resources Fund	1,769	410	2,215	-	-	4,394
Health Science Facilities Construction Program Bond Fund.....	-	542	-	-	-	542
Community College Construction Program Bond Act of 1972	-	-	-	-	427	427
Special Deposit Fund DOE Consent Order Proceeds Account.....	-	-	6,497	-	-	6,497
Subtotal, State Support	\$30,292	\$8,831	\$33,437	\$456	\$20,298	\$93,314
Federal Funds	11,217	-	-	-	-	11,217
Non-State Funds	31,067	8,596	2,550	-	5,565	47,778
Subtotal, Non-State Support.....	\$42,284	\$8,596	\$2,550	-	\$5,565	\$58,995
TOTAL, CAPITAL OUTLAY PROGRAM EXPENDITURE BY SEGMENT.....	\$72,576	\$17,427	\$35,987	\$456	\$25,863	\$152,309

UNIVERSITY OF CALIFORNIA

The University has two major capital outlay budgets, one pertaining to the eight general campuses, the other to campuses with health sciences programs.

Current Accomplishments

The original 1981-82 budget reflected the planning and construction of the University's highest priority projects funded by the Capital Outlay Fund for Public Higher Education (COFPHE), the Energy and Resources Fund, and the Health Sciences Facilities Construction Program Bond Fund. The Health Sciences Facilities Construction Program Bond Fund is used exclusively to finance health sciences capital outlay projects for the University of California. Release of the 1981-82 appropriations for many of these projects has been withheld as part of the Governor's statewide freeze on most capital expenditures. Funds were released for certain projects which included corrections of life safety and handicapped deficiencies, minor capital improvements, and construction of the Veterinary Medical Clinical facility expansion in the San Joaquin Valley. In addition, planning funds have been provided for seismic studies at several campuses.

Proposed Budget

The 1982-83 budget includes the items not released in 1981-82 and adds construction funding for the Southern Regional Library, Royce

Hall Auditorium code corrections, planning funds for an addition to the Life Sciences Building on the Berkeley campus and Engineering Unit 2 on the Santa Barbara campus, and funding for working drawings for the Food and Agricultural Sciences Building on the Davis campus.

CALIFORNIA STATE UNIVERSITY

Current Accomplishments

The 1981-82 Capital Outlay Program was designed to continue energy conservation retrofits and elimination of architectural barriers to the physically handicapped and other code deficiencies, minor capital outlay improvements, construction funds for a faculty office building at State University at Northridge; working drawings and construction of a cogeneration plant at San Diego State University; planning funds for major construction projects at Fresno, San Luis Obispo, and San Francisco; and planning funds for four new cogeneration plants at State University Northridge, State Polytechnic University Pomona, San Jose State University, and State Polytechnic University San Luis Obispo.

A declining fiscal situation has required deferring several projects proposed in 1981-82. Funding for these projects is proposed in 1982-83.

Proposed Budget

Funding for 1982-83 will meet a number of high priority projects, including projects deferred from 1981-82; continuation of the elimi-

nation of architectural barriers to the physically handicapped and other code deficiencies; continuation of high priority energy conservation projects; minor capital outlay improvements; construction funds for faculty office building State Polytechnic University Pomona; construction funds for library conversion at State Polytechnic University San Luis Obispo and State University Fullerton; construction of the science building conversion at San Francisco State University, and construction of a marine laboratory at Moss Landing.

CALIFORNIA MARITIME ACADEMY

Current Accomplishments

The 1981-82 Capital Outlay Program was to provide funding for a feasibility study of a wind turbine electric power generator and construction of a Marine Engineering Training Facility. A declining fiscal situation has required deferring the Training Facility. Funding is proposed in 1982-83 for this project.

Proposed Budget

Funding for 1982-83 will provide for construction of the wind turbine electric power generator providing an alternative energy source of power sufficient to meet most of the electrical needs of the Academy; construction funds are also included for the deferred Marine Engineering Training Facility.

CALIFORNIA COMMUNITY COLLEGES

The California Community Colleges provide opportunities for higher education based upon local community needs by offering two-year college level and vocational courses.

Current Accomplishments

The 1981-82 Capital Outlay program continues the elimination of the most critical architectural barriers to the physically handicapped for state supported facilities, provides funds for two energy conservation retrofit projects, provides equipment funds to make operable previously funded construction projects and provides for four construction projects to meet critical needs for instructional capacity space including initial construction of a permanent campus for Mendocino Community College and the construction of an occupational laboratory building at Cerro Coso College.

Unfortunately, because of diminishing state revenues and increasing costs, the funds appropriated for energy conservation projects and new construction of instructional space are being deferred in order to meet the current year deficit. However, all projects for community colleges approved for funding in the 1981 Budget Act and not released in order to meet the current year deficit will be proposed for funding again in the 1982-83 budget.

Proposed Budget

The 1982-83 budget proposes, in addition to projects originally approved in the Budget Act of 1981, six health and safety projects, twenty-two projects to complete the elimination of critical architectural barriers to the physically handicapped in state supported facilities, three energy conservation retrofit projects, construction of the first building on the permanent campus of Mendocino College and a general class room building at Saddleback College. The 1982-83 budget also proposes funding for six critical health and safety projects.



General Government

OFFICE OF CRIMINAL JUSTICE PLANNING

The Office of Criminal Justice Planning provides staff support to the California Council on Criminal Justice; coordinates planning efforts by private, State and local agencies in the criminal justice system; and administers federally-funded grants to those agencies in accordance with the plans developed under Federal and State guidelines.

Proposed Budget

Administration of the Rape Victim Program was shifted from the Department of Social Services to OCJP by Chapter 917/80 (SB 862). This budget proposes to increase the current year grant level of \$620,000 for the Rape Crisis Centers by \$250,000 from Indemnity Funds for a total program award of \$870,000. The increased funding will allow for additional centers to be funded and improve the level of service provided by each center. This budget also proposes the addition of \$250,000 from Indemnity Funds in grants monies for the Child Sexual Abuse Counseling Center Program authorized by Chapter 1062, Statutes of 1981 (SB 588).

The budget year reflects continuation of the Victim/Witness Assistance Center Program at the \$3.0 million level funded in the current year. An additional \$500,000 in Indemnity Funds is proposed to replace the loss of Federal Funds for a total grant level of \$3.5 million for 1982-83.

Chapter 1167/78 established the Career Criminal Apprehension Program to provide special funding to local law enforcement agencies targeted for the apprehension of a relatively small number of repeat/violent "career crimi-

nals". SB 2039 includes a sunset provision and repeals statutory authorization for the program effective January 1, 1983. Legislation will be proposed in the 1982 legislative session to reauthorize this program. Contingent upon the passage of such legislation, this budget proposes \$2.5 million from the General Fund for full year financing of this program.

The California Crime Resistance Program was established in 1978 (AB 2971) and designed to promote citizen participation in law enforcement efforts to prevent crime. Enabling legislation (AB 287) includes a sunset clause and repeals authority for this program effective January 1, 1983. Legislation will be proposed in the 1982 legislative session to reauthorize this program. Contingent upon the passage of such legislation, this budget proposes \$1,250,000 (full year funding) for this program.

Chapter 1030, Statutes of 1981 (AB 788), established the Local Gang Violence Suppression Program to assist local district attorneys prosecute the perpetrators of gang violence. While the statutes did not contain an appropriation it called on the OCJP and the California Council on Criminal Justice (CCCJ) to make federal funds available to support this program. In keeping with the legislative intent, the OCJP is recommending that the CCCJ approve the redirection of \$800,000 in federal funds for this program.

COMMISSION ON PEACE OFFICER STANDARDS AND TRAINING

The primary objective of the Commission on Peace Officer Standards and Training (POST)

is to make California peace officers more competent and proficient through the provision of training and other supportive services.

Proposed Budget

In 1982-83, POST proposes an increase of \$2,992,000 in the level of salary reimbursement provided to local governments whose peace officers participate in POST's training programs. This assistance aids local law enforcement agencies in providing adequate training for peace officers. In response to Chapter 1180, Statutes of 1980, POST will begin developing standards for physical, mental, and moral fitness. POST will also initiate a video resource program to improve the quality and availability of training at the local level. All program changes are financed by the Peace Officers Training Fund.

DEPARTMENT OF INDUSTRIAL RELATIONS

The objective of the Department of Industrial Relations (DIR) is to foster, promote, and develop the welfare of California's wage earners, to improve their working conditions, and to advance their opportunities for profitable employment.

Current Accomplishments

During 1981-82, the Department of Industrial Relations has pursued initiatives of critical importance to the general public as well as to wage earners.

The Division of Labor Standards Enforcement has expanded its efforts to crack down on elements in the economy that simultaneously undermine labor standards, shift tax burdens to other employers and the general public, and place legitimate employers at a competitive disadvantage.

The Cal-OSHA program has directed more of its resources toward early identification of potential occupational health hazards and prevention of harmful exposures. A key element of this effort has been the sharing of toxics information with other public and private agencies in order to enhance public awareness and protections in the general environment as well as the work place. With cooperation of the electronics industry, new ground also has been broken in the development of in-depth approaches to preventing exposures to potentially harmful chemicals

in an industry vital to California's future.

The Division of Industrial Accidents has worked closely with the Legislature to advance the provision of medical care and workers' compensation payments to the victims of asbestosis and to focus on preventive approaches to toxic substances.

In the job training field, DIR also has been a lead agency in advancing employment-based training opportunities as a model for increasing investments in human capital.

Proposed Budget

The Department is proposing 72 additional positions in the Division of Labor Standards Enforcement to provide enforcement against the increased number of unlicensed contractors and contractors who make unrecorded cash payments; to enforce laws, rules, regulations in the garment industry; to register and enforce laws relating to athlete agents; and to enforce rules and regulations pertaining to industrial homework and sheltered workshops.

An increase of 104 positions in the Division of Industrial Accidents is also proposed to eliminate long delays in the hearing of contested cases and to more effectively administer the Workers' Compensation Program. Additionally, 17 positions are proposed to administer the Subsequent Injuries and Death without Dependents programs. This latter function is being transferred from the Department of Justice.

In addition, the Department is proposing 37 positions in the Division of Apprenticeship Standards to carry out the new function and responsibility of linking industry needs for appropriate training and education with local education agencies. The proposed new positions will ensure that related instruction is of high quality and directly correlated with employment-based training programs.

(See the Reform Section of the A pages for user funding information and the Initiative Section for toxics information.)

DEPARTMENT OF PERSONNEL ADMINISTRATION

The Department of Personnel Administration (DPA) was established by the Governor's Reorganization Plan No. 1 of 1981 to manage the non-merit aspects of the State's personnel sys-

tem. Chapter 1159, Statutes of 1977 established a formal process of employer-employee relations under which civil service employees were granted the right to meet and confer in good faith. DPA is charged with representing the State's management in the collective bargaining process.

Proposed Budget

In 1981-82, DPA was established as successor to the Office of Employee Relations and augmented through transfers of staff and resources from the Department of Finance, the Department of General Services, the State Board of Control, and the State Personnel Board. The 1982-83 budget proposes for the first time a direct appropriation to DPA to continue its baseline functions. In addition, DPA will begin administering the State Dental Plan in 1981-82 with financing from reimbursements paid by dental care providers.

DEPARTMENT OF FOOD AND AGRICULTURE

The Department of Food and Agriculture's objectives include the promotion and protection of California agriculture in the interests of public health, safety and welfare. The department provides leadership in the development of policy issues important to California food and agriculture with the objective to maintain a viable food system to assure delivery of an abundant supply of wholesome food to domestic and export markets.

Proposed Budget

The department is proposing major acceleration of the Pest Prevention and Detection Program (see New Initiatives "A" pages). The department will also seek alternative sources of revenue to enhance and strengthen joint programs with the County Agricultural Commissioners and Sealers (see Local Government "A" pages).

In addition, the department is proposing funds for the continuation of the Agriculture Investment Program with a \$3,000,000 appropriation from the Energy and Resources Fund. These funds will provide research toward the preservation and development of California's agricultural resources.

PUBLIC UTILITIES COMMISSION

The Public Utilities Commission has been given general authority to regulate the activities of California's utilities including: energy utilities; communications utilities; water and sewer utilities; and transportation utilities. The Commission is able to effect its policies through approval/disapproval of operating authorities and rate structures for the utilities. Decisions of the Commission are appealable only to the California Supreme Court unless a provision of Federal Law is at issue.

Proposed Budget

In the coming year, the Commission will seek legislation to authorize the collection of fees to offset the cost of regulating gas, electrical, water, sewer and communication utilities and other activities currently supported from the General Fund and the Energy Resources Conservation and Development Special Account.

The 1982-83 Governor's Budget for the Commission assumes legislative approval of the proposed user funding with 60% (\$24.0 million) to be funded from new assessments, 32% (\$12.9 million) to be funded from assessments on truckers, 6% (\$2.6 million) to be funded from reimbursements and 2% (\$0.8 million) to be funded from other sources.

CALIFORNIA FISCAL INFORMATION SYSTEM (CFIS)

In the 1978-79 fiscal year, the Department of Finance implemented the development of the California Fiscal Information System in order to meet the State's high-level fiscal information needs.

Subsequently, the Legislature enacted Assembly Bill 3322 (Chapter 1284, Statutes of 1978) to require changes in the State's Budgeting and accounting systems, and the establishment of an on-line fiscal information system. The CFIS Task Force was formed within the Department of develop CFIS and to implement the other requirements of AB 3322. The California Fiscal Advisory Board (CFAB), established pursuant to AB 3322, has been designated as the CFIS Advisory Committee. CFAB is responsible for monitoring and advising the legislative and executive branches on the implementation of AB 3322. As advisor to CFIS, CFAB reviews such

policy issues as the selection of CFIS software vendors, the level and extent of detail of CFIS information, placement of CFIS terminals, and access to CFIS data, etc.

The California Fiscal Advisory Board consists of the chairpersons of the Senate Finance, Assembly Ways and Means, Joint Legislative Budget, and the Joint Legislative Audit Committees, the State Treasurer, the State Controller, and the Director of Finance, who is the chairperson of the Board. In addition to its advisory and policy review role for CFIS, the board is responsible for the review of the basis of the State's accounting. The board shall also recommend any further legislation that may be necessary to achieve the objectives expressed in AB 3322.

CFIS makes available to Legislative and Executive Branch decision-makers a computerized on-line system providing information on the State's revenues, expenditures and performance measures. CFIS provides information in graphic and tabular form, and provides the means to simulate expenditures, forecast revenues and compare program activities.

Accomplishments

The development of CFIS and related changes in the State's budgeting and accounting systems is planned over several years, with specific accomplishments planned each year. The computer software for CFIS was acquired, and installed in the 1979-80 fiscal year at the Teale Data Center. Data base files were established which provide interim data from the first eight departments as well as other selected information useful to decision-makers.

Interim CFIS provides information on:

- Revenues, expenditures, and performance measures for the first seven departments reporting to CFIS (CSUC, Caltrans, EDD, Health Services, Motor Vehicles, Social Services and Water Resources—with a few exceptions), the first 27 departments/institutions which implemented CALSTARS July 1, 1981 and five additional departments with program cost accounting systems.
- Legislation in process, including author, description, and applicable revenue and cost estimates.

- Budget administration for the current fiscal year, including appropriations, augmentation and revised plans.
- Governor's Budget and Budget Bill, including changes made by each House and the Conference Committee in program and line item detail.
- Historical data, including seven years of actual revenues, expenditures, and personnel-year data for all departments and most funds. Selected summary data will be available for longer time periods.
- Economic data, including selected U. S. and California time series.
- Revenue models and data for revenue forecasting.

The Program Evaluation Unit, Department of Finance, has identified and started the collection of performance measures for 36 departments. A Statewide Program Structure has been devised which will relate departmental program data by statewide programs based on common objectives.

In July 1980, a contract was executed with Peat, Marwick, Mitchell and Co. to design and install a computerized governmental program cost accounting system. This system called CALSTARS, California State Accounting and Reporting System was installed July 1, 1981 in 27 departments/institutions. It will ultimately be installed in 150 State agencies and institutions.

By July 1982, the online inquiry, shadow file updating, labor distribution and office revolving fund check writing capabilities of CALSTARS will be designed and installed. These features will be available for use by the first 27 agencies and the additional 23 agencies that are to become operational on CALSTARS by July 1, 1982.

Ten positions were administratively established in the current year to provide the staffing necessary to support the first year of CALSTARS EDP operations. Initial implementation, testing and operation of the Sacramento processor was accomplished with a combination of consultant (PMM & Co.) and civil service staff. With the establishment of the basic system becoming completed, the responsibility for maintenance and operation is now shifting to the state according to plan. The Sacramento proces-

sor will be augmented in the current year to handle the transaction volume of the additional agencies and institutions that will become operational on CALSTARS on July 1, 1982.

The State Controller's (SCO) Fiscal System has been redesigned to accommodate the requirements of AB 3322 and CFIS data base needs, and to better meet the needs of the State Controller's operations. This redesign effort is being tested in the current year with 22 CALSTARS pilot agencies. The system will replace the existing SCO Fund Accounting and General Disbursements Systems. In addition to capabilities provided by the current systems, the new system provides capabilities for automation of the Controller's Annual Report, ad hoc reporting, claim tracking and claims auditing assistance. Modifications are also underway in the current year to the State Payroll System to implement the CFIS common coding.

Proposed Budget

In the budget year, CALSTARS will be installed in an additional 25 to 30 departments and institutions. The second CALSTARS distributed processor, input terminals, communications lines and printers will be acquired and installed for the use of these additional agencies. It is anticipated that the second distributed processor will be located in San Francisco.

The State Controller's Fiscal System will become operational in the budget year for all agencies.

OFFICE OF ADMINISTRATIVE LAW

The Office of Administrative Law (OAL) was created by AB 1111 (Chapter 567, Statutes of 1979) and charged with the unique function to eliminate all state agency regulations that are unnecessary, unauthorized, inconsistent, and unclear.

Current Accomplishments

In the first twelve months of operation, OAL dramatically reversed the trend of government regulation. The number of new regulations adopted by state agencies was reduced by 51 percent. In addition, OAL initiated the review of 30,000 pages of existing regulations (to be completed by most state agencies by December 31,

1982) and compiled the first comprehensive Index to the California Administrative Code.

Proposed Budget

The 1982-83 budget proposes an additional 12 positions to complete the review of existing regulations. These positions will be funded through reimbursements and redirection of existing resources.

TAX RELIEF

Tax relief expenditures from Budget Bill appropriations total approximately \$1.4 billion in the budget year. This amount includes a proposal to discontinue refundable alternative energy credits after the 1981 tax year. Also included is a 5 percent, \$25 million cost of living adjustment to Personal Property Tax Relief.

Chapter 169, Statutes of 1981, provides \$125 million for refund of a portion of the 1978-79 unsecured roll property tax if AB 11 is enacted. Since AB 11 has not been enacted, no funding has been provided for these refunds in this budget.

SHARED REVENUES

The primary objective of the Shared Revenue program is to provide an efficient method for collecting a portion of the necessary revenues to fund local services. During 1982-83 about \$873 million will be collected by the State and distributed to local government. This amount reflects a proposed transfer to the General Fund of \$450 million from the Vehicle License Fee subvention, which is local government's share in the 1982-83 budget reductions. See the Local Government Fiscal Relief section for details.

ARTICLE XIII B—APPROPRIATION LIMIT

The 1980-81 fiscal year was the first year of implementation of Article XIII B which imposed a limit on appropriations made from tax proceeds. Certain appropriations made from tax proceeds are not to exceed the prior year's appropriation limit adjusted for changes in price and population.

As required by the implementing legislation (Chapter 1205, Statutes of 1980) the Department of Finance, in cooperation with the State Controller's Office, the Department of Educa-

tion and the Community College Chancellor's Office, provided cities, counties, special districts, K-12 school districts and community college districts with the price and population percent change factors to be used in establishing their appropriation limits.

Section 12.20 of the 1981-82 Budget Bill (Chapter 99, Statutes of 1981) set the 1980-81 and 1981-82 appropriation limit for the State.

Using the latest forecast data, the State's appropriation limit for 1982-83 is \$19,899 million.

The following table shows the 1978-79 base, the State appropriation limit for each year and the estimated appropriations subject to limitation. The appropriation limit may be changed because of shifts in financial responsibility which occur between the State and local jurisdictions. The appropriations subject to limitation are esti-

mates and will change as actual figures are received and other appropriations, if any, are made. It is anticipated that final figures for appropriations subject to limitation for 1980-81 and 1981-82 will be available by the time the 1982-83 Budget Act is adopted.

**STATE APPROPRIATION LIMIT
ARTICLE XIII B
(In millions)**

	1978-79 Base	1979-80 ^a	1980-81	1981-82	1982-83
Appropriation Limit	\$12,564	\$14,194	\$16,237	\$18,085	\$19,899
Appropriations Subject to Limitation ..	-	-	15,584	16,957	18,176
Amount Under Limit	-	-	\$653	\$1,128	\$1,723

^a Includes \$65 million shift in financial responsibility under AB 8.

State-Mandated Local Programs

History

Chapter 1406, Statutes of 1972 (SB 90) was the first significant effort by the state to restrict the growth in property taxes. This legislation established maximum property tax rates to limit the amounts collected by local government and, at the same time, required the State to reimburse local government for the costs of any state-mandated programs enacted after January 1, 1973. In addition it required reimbursing property, and sales and use tax losses resulting from state legislation.

In the years since 1972, a number of modifications to the original SB 90 have been enacted. These modifications have generally served to broaden the scope of activities which qualify for state reimbursement and to formalize the processes for obtaining reimbursement. For example, the State Board Control was expanded in 1975 from three to five members and empowered to accept and arbitrate claims from local government based on either legislation or executive regulations which are alleged to have inappropriately failed to provide reimbursement of state-mandated costs.

At the November 6, 1979 general election, the voters approved Proposition 4 (the "Gann Initiative") which included, among other things, the following language:

"Section 6. Whenever the Legislature or any State agency mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:

- a. Legislative mandates requested by the local agency affected;
- b. Legislation defining a new crime or changing an existing definition of a crime; or
- c. Legislative mandates enacted prior to January 1, 1975."

The effect of this constitutional amendment is to elevate this program of reimbursing state-

mandated costs to a constitutional, rather than statutory requirement. It should be noted, however, that the Initiative is silent on the issue of reimbursing property, sales and use tax losses which result from state legislation.

Operations

Since the institution of the reimbursement program in 1973 many bills have been enacted which have provided funds for local governmental entities for costs incurred because of state mandates. For these programs, the State Controller develops and disseminates instructions for payment of claims against the specific statutes. In the event that there are insufficient funds to pay all of the claims, the available funds are prorated among the claimants and additional funds are requested from the Legislature.

After the passage of original SB 90 legislation, policy statements were developed and included in legislation which were intended to clarify the State's liability for costs incurred by local governmental entities in complying with mandates. These specified reasons for these policy statements, or disclaimers, became formalized as follows:

1. Court mandate
2. Federal mandate
3. Voter-approved mandate
4. Local request
5. Crimes and infractions
6. Cost-savings
7. Self-financing authority
8. General

The voters' approval of the Gann Initiative has significantly altered the ability to include disclaimers in legislation. Technically, a disclaimer may be said to be appropriate for bills requested by local government and for bills creating new crime or changing an existing definition of a crime. The Administration will continue to recommend to the Legislature that additional State funding not be provided even where an additional cost is mandated on local government in instances where:

- (1) the bill which mandates additional costs

also provides for savings to local government to the extent that those savings do, in fact, offset the costs.

- (2) either the bill or existing law allow the affected unit(s) of local government to recover the costs mandated on them through service charges, fees, or the like, so long as those fees are appropriate.

We believe that both of these interpretations, while not specifically delineated in the Constitution, are nevertheless consistent with its intent and are therefore appropriate.

From the standpoint of local government, there is a continuing concern about the Board of Control and legislative action on mandated costs claimed through the Board of Control process. A statute may impose a requirement on local government without an appropriation to reimburse them for the costs of implementing the requirement. Without those resources local government must utilize the claims process and hope that the Board of Control will declare that the statute mandates a duty and agrees, further, that costs have been incurred and are reimbursable by the State. The second hurdle in this process arises when the Board of Control sponsored claims bill is considered by the Legislature since there is no guarantee the claims will be approved.

Another concern of local government is the time elapsed between the point when costs are incurred and a warrant is received from the State. This time-frame may be as long as one and one-half years from the date of implementation to the receipt of the reimbursement.

Further, local government is also interested in the degree of detail and personnel time involved in the claims preparation, presentation and follow-up activities in the Board of Control process.

Program Growth

State expenditures have grown from \$2.9 million in 1973-74 to \$96 million in 1982-83.

The rate of increase in this program will be governed by future legislation and by the way in which the Legislature views the relationship between state and local government with respect to that legislation. One of the objectives of this presentation is to afford the Legislature an opportunity to be fully aware of the cumulative effect of mandate legislation on the fiscal resources of the State and Local Government. Further, this display will serve to point out the need for remedial legislation to correct some of these problems.

State Construction Programs

Capital outlay construction is divided into several programs of which the most encompassing is the State Building Program. This program includes proposed capital outlay requirements for publicly supported higher education, mental health, developmental services, corrections, and general office space. It also provides for meeting the requirements of several Departments, including Forestry, Fish and Game, Motor Vehicles, California Highway Patrol, the State Highway Program, and the Department of General Services.

The sources from which the capital outlay program is funded are:

1. Current revenues and any accumulated balances in governmental cost funds including moneys collected in the form of taxes, license and permit fees, interest on investment, and similar items of income.
2. Proceeds from the sale of general obligation bonds secured by the "full faith and credit" of the State. Outstanding bonds of this kind include (a) State Construction Program bonds, and (b) State Beach, Park, Recreational, and Historical Facilities bonds. The repayment of principal and interest on such indebtedness constitutes a preferred claim on the financial resources of the State. Within this classification falls a special category referred to as "self-liquidating" bonds. Bonds in this category are the California Water Resources Development bonds. In the case of this special grouping, such bonds although legally possessed by the characteristics of general obligation bonds are serviced from the revenues produced by the ventures or projects financed in this manner.
3. Revenue bonds that are secured solely by the income derived from the use and operation of the facilities thus funded.
4. Trust certificates representing a form of capital financing which makes use of the large balances accumulated in trust accounts or funds of the State. Because such

funds are dedicated to meet future obligations, sound fiscal management dictates the investment of the currently unneeded cash in these accounts and funds. One way of investing these moneys is to purchase trust certificates issued by the State for the construction of general purpose office buildings.

5. The Public Resources Code, as amended by Chapter 899, Statutes of 1980, provides for the allocation of revenues received by the State from the sale of oil produced from tidelands which are principally located adjacent to the City of Long Beach. Commencing in 1980-81, capital outlay expenditures which were made from the General Fund in past years are now made from the Special Account for Capital Outlay, one of the funds which receives tidelands oil revenue. For a discussion of the way in which tidelands oil revenues are distributed, please refer to the Tidelands Oil Income portion of the A pages commencing on page A-71
6. Funding for all higher education capital outlay is from four sources: (1) the Capital Outlay Fund for Public Higher Education; (2) proceeds from the sale of Health Science Facilities Construction Program Bonds; (3) the Energy and Resources Fund; and (4) the Community College Construction Program Bond Act of 1972. For the distribution of these funds, see Higher Education Capital Outlay portion of the A pages, Table IV. All expenditures from these funds will be appropriated through the annual Budget Bill.

To provide a complete and comprehensive picture of the State's capital outlay program, all proposed projects are included in the capital outlay budget regardless of the source of financing.

Following the generally accepted principles of governmental accounting, however, only expenditures from governmental cost funds are included in the budget totals. Governmental cost

fund along with selected bond fund expenditures are included in the overall expenditure totals. Expenditures from bond proceeds and other forms of borrowing are reported as expenditures of the fiscal years in which the payments on principal and interest are made.

The construction of State facilities has been significantly slowed because of fiscal constraints on the State. Recent declines in the level of economic activity within the State and corresponding declines in tax revenues accruing to the State have raised the specter of a General Fund deficit during fiscal year 1981-82. One of the measures taken to avoid such a deficit was to defer capital outlay expenditures from funding sources which could be legally used to offset a General Fund deficit. The Public Works Board is required by Governor's Executive Order B-87-81 to defer release of funds for projects from selected sources, if the project does not meet the following exemption criteria:

- a. Projects necessary to increase the capacity of correctional institutions.
- b. Projects necessary to meet licensing requirements for federal funding.
- c. Projects to replace electrical equipment which contains polychlorinated biphenyls.
- d. Projects for which the State is legally obligated to proceed.

Savings resulting from the deferral of projects are proposed for transfer to the General Fund. Specific amounts transferred are indicated in fund conditions pertaining to the funds affected.

Funding for some of the most important deferred projects is proposed from 1982-83 revenues. Other projects have been deferred indefinitely. In some cases, such as the construction of general office space, the State is considering lease purchasing as an alternative funding source.

Specific capital outlay expenditures include the following:

Museum of Science and Industry

The Museum of Science and Industry's capital outlay budget for 1982-83 proposes \$7,244,000 for working drawings and construction for a new Aerospace Science building, and a new Afro-American History and Culture building, as well as for other major and minor capital outlay projects relating to existing buildings and the new Hall of Economics and Finance.

Department of General Services

The Department of General Services' 1982-83 capital outlay program proposes total expenditures of \$14.3 million, which includes approximately \$6 million for land acquisition costs and preliminary planning to provide appropriate office space for the Franchise Tax Board. In addition, \$5.8 million is proposed for the continued replacement of equipment contaminated by polychlorinated biphenyls.

This budget also proposes \$1.6 million for the first of two phases to modernize a total of 29 existing State-owned buildings to conform to handicapped regulations, \$116,000 to survey 43 buildings for fire code deficiencies in compliance with ACR 45, and \$860,000 to exercise the purchase option of the Department of Water Resources Building in Fresno. The San Francisco State Office Building, which was originally proposed for construction in 1981-82, was deferred because of the fiscal problems facing the State and is being considered for lease-purchase under the provisions of Chapter 919, Statutes of 1981.

Department of Veterans Affairs

The Department of Veterans Affairs' capital outlay program for 1982-83 proposes \$7,580,000 for the Veterans Home. This amount includes \$7,047,000 for 11 major projects necessary to meet licensing and accreditation requirements and life safety requirements. The additional \$533,000 for minor projects is necessary to correct mandated health and life safety deficiencies and to insure the operation of existing programs. Sixty-five percent of the major project expenditures will be federally reimbursed.

Department of Water Resources

A module for desalting agricultural drainage water is being constructed in 1981-82 and will be operated as a demonstration project upon completion. Funds, in the amount of \$4,710,000 and 21.5 new positions limited to June 30, 1985, are proposed in 1982-83 to continue operation of the desalter and to construct salt-gradient ponds that will be used to capture solar energy. This concept will be tested in connection with the operation of the reverse osmosis module. Mechanical and heat equipment will be procured and installed for the initial energy recov-

ery test. Information will be collected to determine the cost of construction and operation of large capacity desalting units, necessary pretreatment systems, and heat recovery systems. This project has been declared a facility of the San Joaquin Drainage Program and will be funded from the California Water Fund, instead of Energy and Resources funds, commencing in 1981-82.

Department of Developmental Services

The Department of Developmental Services' capital outlay program in the 1981-82 fiscal year reflects \$59 million of which \$54 million is for fire and life safety and environmental improvements in the nine State hospitals operated by the Department in the current year. The fire and life safety and environmental improvement projects are necessary to assure that all clients in State hospitals reside in code-conforming buildings by July 17, 1982. Conditional Federal Certification has been granted based upon the Department's commitment to meet the deadline for the projected July 17, 1982 population of 8,070 developmentally disabled clients. The Federal Department of Health and Human Services (DHHS) has proposed regulations which will allow extension of the deadline for correction of fire and life safety and environmental improvements up to five years. If these regulations are adopted, \$15 million of the \$54 million in the current year will revert to the Special Account for Capital Outlay, due to the fact that the department anticipates a reduced population level of 7,158. The 1982-83 proposed budget reflects \$1,215,000 for the Special Account for Capital Outlay (SAFCO) projects and \$8,573,000 for Energy and Resources Fund (ERF) projects.

Department of Mental Health

The Department of Mental Health's 1982-83 capital outlay program proposes \$15,395,000 for fire, life safety, and other improvements, as well as \$229,000 for energy conservation projects. These projects will be at Atascadero, Metropolitan and Patton State Hospitals. These hospitals are directly administered by the Department of Mental Health and constitute three of the State facilities serving the mentally disabled population.

Department of Corrections

Unprecedented population pressures continue to impact California's prison system. As a result of this surge in population, the prison system will require an accelerated expansion of prison-bed construction. To meet increased inmate population needs, the Department of Corrections proposes a construction program beyond that originally proposed in Chapter 273, Statutes of 1981 (SB 153). The enabling legislation identified four specific projects to be constructed: new capacity for 5,550 inmates at Tehachapi, Adelanto, San Diego, and Folsom.

This budget includes \$92.6 million for a 5,550 bed construction program as identified in Chapter 273, as well as a second construction program of \$69.2 million for 6,300 additional beds. This change in construction plans from Chapter 273 is a result of the population pressures which now demand acceleration of new bed capacity plans which were originally scheduled for later years by the Department of Corrections. Additional construction to provide capacity for 6,300 inmates is therefore proposed in the budget in order to accelerate the availability of housing for the increased population. The new housing will be in the form of temporary housing units (modular type construction), medium level facilities and camp facilities planned for phased-in occupancy by 1987.

This budget therefore provides a total of \$161.8 million for construction of new bed capacity which is to be funded from bond proceeds authorized by Chapter 273 upon approval by the voters. Chapter 273 places the "New Prison Construction Bond Act of 1981" on the June, 1982 Ballot for voter approval. This measure would authorize the issuance of \$495 million in State general obligation bonds to finance construction, renovation, remodeling and deferred maintenance of the state's correctional facilities.

The Department continues its active participation in the energy conservation program with proposals for construction of a co-generation plant at the California Institution for Men and design development of a co-generation facility at Deuel Vocational Institution, Correctional Training Facility, and California Men's Colony. Other energy conservation projects are proposed as both major and minor capital outlay projects. The budget includes \$2.8 million from the Energy and Resources Fund for energy related

projects. The balance of the Department's maintenance and construction program is directed at correcting health and safety problems, security deficiencies and maintaining utility systems at

an adequate service level. These projects are funded from the Special Account for Capital Outlay. Proposed funding for these types of projects during 1982-83 is \$14.5 million.

TAX EXPENDITURES

DEFINITION

Traditionally, budgets reflect only those expenditures which are appropriated. A tax expenditure, on the other hand, is a revenue reduction that occurs as a result of a tax exemption, exclusion, deduction, deferral, credit or preferential rate. Such revenue losses are similar to payments made by government except that they are made through a reduction in taxes rather than through the legislative appropriation process.

Tax expenditures are less visible than appropriations and are not subject to annual review as are budgeted items. Furthermore, the Legislature can enact a tax expenditure by a simple majority vote, whereas an appropriation requires a two-thirds vote. It also takes a two-thirds vote to reduce or eliminate a tax expenditure.

Tax expenditures may be enacted to achieve a social or economic goal, or may serve no purpose except to relieve certain taxpayers of tax liability. Unlike legislative appropriations, a tax expenditure is usually not reviewed unless (1) it has received unfavorable publicity; (2) the Federal law affecting similar provisions has been changed; or (3) the law enacting the tax expenditure has a provision that causes the tax expenditure to expire on a given date or event. Most tax expenditures, however, were added to the tax code for an indefinite period. Little attention is given as to whether or not the stated objective for the tax expenditure has been attained or priorities changed after a period of time.

Tax expenditures provide relief in the following ways:

1. Special exclusions, exemptions and deductions, which reduce the amount of taxable income.
2. Preferential rates, which reduce taxes by providing a lower tax rate on similar activities.
3. Special credits, which are subtracted from actual taxes due.
4. Deferral of tax, which generally results from allowing, in the current year, deduc-

tions that are properly attributable to a future year.

Tax expenditures are not always easily defined or identified. It is often difficult to distinguish between tax expenditures and provisions which are considered part of the normal structure of the tax code. For example, exclusion of services and admission fees from the sales tax are not considered tax expenditures because the sales tax law relates only to sales and leases of tangible personal property.

PURPOSES

Tax expenditures have been established to serve a wide variety of functions. The following categories indicate some of the major purposes behind the creation of such provisions in the tax law.

Federal Conformity

Many tax expenditures have been enacted to conform California tax law with federal law. An illustration is the deduction for medical expenses on personal income tax returns.

Removal of Inequities

If the structure of a tax imposes inequities on a particular group, corrective legislation may be enacted. The credits allowed for income taxes paid to other states is an example.

Ease of Administration

Some items are excluded from taxation because of difficulty in administration, either on the part of the taxpayer or the tax collector. For instance, intangible property, such as stocks and bonds, is excluded from property taxation largely because of the difficulties inherent in locating and assessing the property.

Tax Reduction for Specific Individuals, Business and Groups

This category represents many of the tax expenditures. Examples would include the personal credits allowed for income taxpayers, the

depletion allowance for oil and gas producers, and the property and income tax exemptions for specified nonprofit organizations.

Some of the tax expenditures in this broad classification were created to support desirable social objectives, or to provide needed tax relief to a particular group with unique tax problems. Other expenditures, however, represent favorable tax treatment to special interest groups, such as the sales tax exemption for hot food products sold to airlines.

THE MEASUREMENT OF TAX EXPENDITURES

Since tax expenditures are revenue the government *does not* collect, their measurement presents special problems. Normally, the revenue loss from each tax expenditure is estimated by comparing collections under current law with collections that would occur if the special provision had never existed. This approach assumes both taxpayer behavior and all other tax code provisions remain the same as under current law.

The problems in measuring these expenditures are numerous. Some items cannot be estimated even roughly, due to inadequate information. Beyond this, however, are further complicating factors. For example, tax expenditure estimates cannot simply be added together to produce a grand total. The revenue gain resulting from the deletion of two tax expenditure items could be greater than the sum of the two estimates. As an illustration of this situation, taxing interest income from State and local government securities and capital gains at ordinary rates would push many individuals into tax brackets higher than if just one of these sources of income became fully taxable. The combined effect on revenue would be greater than the sum of the separate estimates.

Conversely, there are expenditures that, when lumped together, produce a smaller revenue gain than the sum of the individual estimates. If the deductibility of mortgage interest payments and homeowner property taxes were both repealed, while the standard deduction remained unchanged, many individuals who now itemize would opt for the standard deduction, thus limiting the revenue gain.

In spite of the various limitations in estimat-

ing tax expenditure revenue losses, such estimates are useful. They allow the costs and benefits of alternative tax provisions to be compared and are helpful in examining the pattern of tax expenditure growth over time.

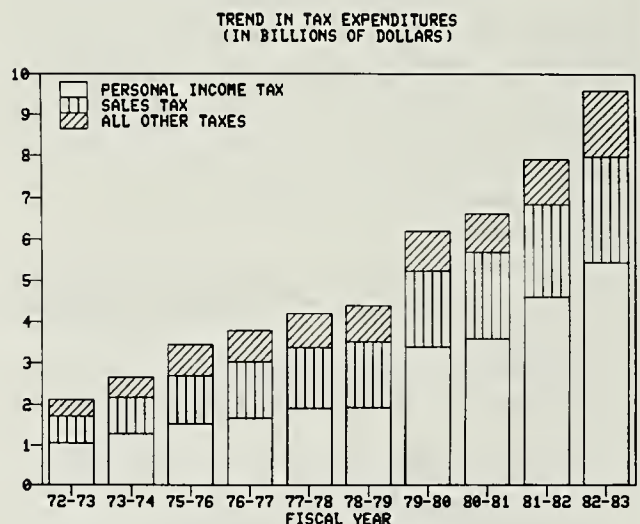
GROWTH IN TAX EXPENDITURES

The first tax expenditure report prepared by the Department of Finance showed that identifiable tax expenditures for 1972-73 amounted to \$2.1 billion. That figure has grown by over 350 percent to an estimated \$9.7 billion as of 1982-83.

Tax expenditures in the income tax law, which totaled just over \$1 billion in 1972-73, are now estimated at \$5.4 billion for 1982-83. State sales tax expenditures, which were almost \$650 million in 1972-73, are estimated to be \$2.6 billion for 1982-83. Inheritance and gift tax expenditures in 1972-73 were one-quarter of a billion dollars; in 1982-83 they will come to more than \$1.3 billion.

Legislation has contributed to the growth in tax expenditures. For example, Chapter 534, Statutes of 1980, made all transfers between spouses exempt from the inheritance and gift taxes and increased the exemptions for other beneficiaries. When the changes attributable to this legislation are fully effective, they will reduce State revenues by more than \$200 million annually.

The following chart illustrates the growth in tax expenditures by major category from 1972-73 through 1982-83.



SUMMARY OF IDENTIFIABLE TAX EXPENDITURES

The tax expenditures budget is essentially an enumeration of the "subsidies" provided in our tax system. As stated previously, identifiable tax expenditures are estimated at \$9.7 billion for 1982-83. Although it may not be appropriate to add individual tax expenditures because of the interactive effects mentioned earlier, such an accumulation does give a reasonable measure of the total.

It should be noted, however, that the tax expenditures listed below are only those for which the impact can be identified. For example, there are about 500 exemptions in the sales and use tax law. In addition, the State is not the only level of government affected by revenue losses due to sales tax exemptions. Local governments, for instance, will experience a revenue loss of \$675 million in 1982-83 due to sales tax expenditures.

In the last few years, the practice of sunseting—that is, providing a termination date to a particular tax exemption—has become fashionable. Usually, a sunsetted bill requires a report to be prepared by the Legislative Analyst's Office prior to its termination date to evaluate if the program goals have been achieved before the program is continued. This is a laudable approach to determine if new tax expenditure programs are achieving their objectives. In practice, however, sunset provisions have been successful only in putting new tax exemptions in the code. Once a program is in existence, its proponents are usually influential in having it continued.

RECOMMENDATIONS

It is recommended that the Legislature adopt a rule to require that every tax expenditure enacted must contain a three-year sunset provision.

Furthermore, it is proposed that the rule state that no such program be reenacted unless the Legislature has studied the item during the interim and has recommended its continuance.

The Legislature, when determining whether or not a tax expenditure is to be continued, should consider the following questions:

- Is the tax expenditure cost effective?
- Does it divert State resources into desirable program areas?
- How much should be spent on tax expenditure programs?

- Is the program working well and is the objective being accomplished?
- Who are the beneficiaries of the programs?

These are standard questions asked in any budget analysis of existing programs. It is appropriate that they also be asked of tax expenditure programs. The fact that tax expenditures are: (1) not part of the normal appropriation process, (2) require only a simple majority for passage, and (3) once enacted generally stay enacted (with no review process) makes it more important than ever to address these questions.

Reflecting the increasingly prevalent thinking that maintaining the tax base is important, Congress is taking steps to control the growth in Federal tax expenditures. For example, pending Federal legislation (S. 193) would statutorily limit the amount of revenue loss from tax expenditures to not more than 30 percent of net Federal revenues collected in any fiscal year. This legislation would also require that new tax expenditures be approved by the Senate and House tax-writing committees, the respective authorization committees, and the budget committees.

A similar approach for controlling tax expenditures should be considered by the California Legislature. Tax expenditures identified in this report will equal 43 percent of all General Fund revenue in 1982-83. Setting a 30 percent limit in California—comparable to the provisions of S.193—would mean reducing tax expenditures by approximately \$2.9 billion.

Identifiable tax expenditures by major tax source are shown in the following table.

IDENTIFIABLE TAX EXPENDITURES 1982-83 (In millions)

Personal income taxes	\$5,443
Retail sales and use taxes	2,566
Inheritance tax	1,297
Bank and corporation tax	222
Gift tax	92
Motor vehicle fuel taxes.....	80
Insurance tax.....	46
Cigarette tax	14
Horse racing	2
	<hr/>
	\$9,762

Personal Income Tax

Interest expense.....	\$1,528
Personal and dependent credit	623
Capital gains exclusion.....	566
Standard deduction.....	480
Property, sales, and vehicle taxes	383
Charitable contributions.....	280
Employer contributions to pension plans.....	170

Head of household status.....	165
Employee business expense	156
Employer contributions to health plans.....	150
Union dues and miscellaneous	140
Medical expenses.....	115
Income averaging	110
Social Security Income.....	75
Energy conservation measures	75
Capital gains on death	60
Interest on government bonds.....	60
Casualty losses	48
Individual retirement accounts & self employed retirement accounts	43
Expensing of certain agricultural costs	40
Compensation for injuries or sickness	40
Exclusion of \$100,000 of gain from sale of home	30
Accelerated depreciation	20
Taxes paid to another state	16
Professional corporations.....	15
Meals and lodging furnished by employer.....	15
Moving expense.....	14
Scholarships and fellowships	5
Exploration and development costs	5
Percentage depletion.....	4
Timber valuation for capital gains	4
Military pay exclusion	4
Political contributions	3
Low income credit	1
	<u>\$5,443</u>

SALES AND USE TAX

Food consumed at home	\$1,095
Gas, electricity and water	805
Vessels and aircraft.....	266
Cargo and returnable containers.....	142
Prescription medicines	85
Candy	65
Newspapers and periodicals.....	35
Leases of motion pictures	28
Option to pay on cost rather than rental receipts	19
Vending machines (33% provision)	16
Sales by charitable organizations	3
Master tapes	2
Vending machine operators	2
Optometrists and podiatrists	2
Hot food sold to airlines	1
	<u>\$2,566</u>

INHERITANCE TAX

Preferential rates: Class A and B beneficiaries	\$878
Specific exemptions.....	288
Charitable contributions.....	117
Life insurance exclusion.....	14
	<u>\$1,297</u>

BANK AND CORPORATION TAX

Research and experimental expenses	\$60
Exploration and development expenses	50
Accelerated depreciation	40
Energy conservation measures	15
Exempt corporations (from minimum tax only)	15
Charitable contributions.....	15
Depreciation of low-income rental housing.....	7
Exemption from preference tax.....	7
Bad debt reserves	5
Percentage depletion.....	4
Certain agricultural costs.....	2
Pollution equipment	2
	<u>\$222</u>

OTHER TAXES

Gift Tax	
Preferential rates: Class A and B beneficiaries	\$65
Specific exemptions.....	17
Annual \$3,000 exemption	10
	<u>\$92</u>
Motor vehicle fuel taxes	
Aircraft uses (primarily commercial)	\$45
Sales to military	35
	<u>\$80</u>
Insurance	
Nonprofit hospital service plans	\$35
Pensions and profit-sharing	9
Fraternal benefit societies	2
	<u>\$46</u>
Cigarette tax	
Sales to military	\$14
Horseracing tax	
Preferential breakage treatment	\$2

Revenue Estimates

THE ECONOMIC OUTLOOK

The Nation

The current recession is expected to be deep and widespread. Relatively optimistic forecasts made as late as last August or September have been replaced by pessimistic projections characterized by sharp declines in real GNP, little if any growth in employment, continued stagnation in the housing and auto sectors, and a significant rise in unemployment.

The range of forecasts remains wide, however, depending on the anticipated duration and depth of the downturn. The consensus outlook, and that prepared by the Department of Finance, foresees the recession continuing through the first quarter of 1982, with comparatively moderate rates of recovery in succeeding quarters.

Interest rate trends will be a significant factor in the outlook. Recent declines in key rates have been substantial and are expected to continue until approximately mid-1982. The prime interest rate, for example, declined approximately five percentage points between September and the end of 1981. Further declines should bring the prime down to 13½ percent by spring. A more prolonged recession could exert even greater downward pressure on rates.

Mortgage interest rates have also fallen in recent weeks, from a high of around 18 percent to about 16 percent. Further reductions are expected to take mortgage rates to the 14 percent level in the next few months. This development should provide some stimulus for the moribund housing industry.

The trend after mid-year is subject to considerable conjecture. Relatively tight monetary policy by the Federal Reserve Board will lead to a significant rise in key rates when business and consumer demand for loans picks up, and the U.S. Treasury Department steps up its borrowing to finance the massive Budget deficit.

An opposing school of thought, however, expects the recession to be sufficiently deep and severe to curtail borrowing sharply despite needs

of the Federal Government, thus keeping a lid on rates. A stable consumer credit situation coupled with less demand for nonresidential investment would prevent an excessive rebound in the prime rate.

The Department of Finance forecast calls for a moderate increase in interest rates during the second half of 1982 with the prime reaching a peak of approximately 17 percent during the fourth quarter. Gradual reductions to 13 percent by the end of 1983 are then anticipated.

The recession will mean continued weak levels for housing starts and auto sales during the first six months of 1982, but a significant improvement during the latter part of the year, which will continue into 1983, is forecast. Recovery will be bolstered by the mid-year Federal income tax cut, which is expected to provide strong support for a resurgence in consumer demand during the second half of 1982. Declining employment during the first several months of 1982 will give way to moderate growth later this year and a strong increase in jobs during 1983.

Corporate profits will be particularly hard hit during the first half of this year. Between the first quarter 1981 and the first quarter 1982, pre-tax profits are expected to be down by \$78 billion (30%). Once recovery is underway, however, profits should recover fairly rapidly and reach approximately \$267 billion by the fourth quarter. For the year as a whole, corporate profits are expected to show little change from 1981.

Overall, real gross national product is expected to be down 0.4 percent for 1982. The projected peak-to-trough decline amounts to 2.6 percent between the first quarter of 1981 and the first quarter of 1982. The current recession will therefore be milder than those which occurred in 1957-58 and 1974-75, but more severe than the very modest setbacks of 1960 and 1969-70. A sustained rate of recovery will boost GNP by an estimated 4 percent for 1983.

The decline in output this year will be tempered by the relatively good inventory situation. In prior recessions, a significant inventory over-

hang led to massive reductions in stocks during the downside of the business cycle. At present, it appears that inventory levels are not excessive for most industries—the notable exception being autos. The current downturn should therefore not be characterized by the massive inventory reductions and associated sharp declines in employment which have been typical of prior recessions.

The general weakness in business conditions should hold down the rate of increase in the consumer price index to an estimated 8.5 percent in 1982. A further decline to 7.5 percent is forecast for 1983. (The CPI forecast for 1983 is the all urban consumer price index as presently defined. Starting in January 1983, the CPI methodology will be revised to substitute a rental equivalency measure for home prices and mortgage rates.) This lower rate of inflation, combined with sluggish economic activity, is expected to lead to slower wage increases. Non-agricultural wage and salary employment will be up 0.3 percent for the year, and total wages and salaries will increase less than 7 percent. Overall, personal income is expected to rise just over 9 percent. For 1983, a substantially better outlook is projected, with employment up 2.9 percent and total income rising by 11 percent.

Alternative Forecasts

There are a number of uncertainties reflected in the wide range of economic forecasts available for 1982 and 1983. Among the more critical factors are:

- Trends in monetary policy.
- The trend in interest rates, particularly after mid-1982.
- The extent to which stabilizing home prices and lower mortgage rates will affect changes in the consumer price index.
- Consumer spending-versus-saving patterns following the 1982 and 1983 tax cuts.
- The eventual size of the Federal deficit and fiscal policies implemented after mid-1982.

Low Side Outlook

The Department of Finance has prepared two alternative forecasts in addition to the standard forecast upon which the Budget was based. The low alternative calls for the recession to continue through the second quarter of this year, followed by relatively moderate improvement. Car sales

and housing starts would be lower than under the standard forecast. Corporate profits would decline by 13.5 percent on a year-over-year basis. Nonagricultural wage and salary employment would be down by approximately 1 percent. The unemployment rate would soar to an average 9.1 percent, reaching a high of 9½ percent during the second quarter. Personal income would rise by only 7.3 percent this year, with wages and salaries up less than 5 percent. The implied depth of the recession would reduce interest rates significantly, with the prime bottoming out between 10 and 11 percent during the April-June quarter.

Under this scenario, real GNP would drop by approximately 4 percent between the first quarter 1981 peak and the second quarter 1982 trough. For all of 1982 real GNP would be down 2.1 percent. Recovery to the previous high of the first quarter 1981 would not be achieved until the second quarter of 1983. On balance, however, recovery in 1983 would be somewhat stronger than under the standard forecast.

Aided by both the mid-1982 and mid-1983 tax cuts, consumption would be up significantly in the latter year; GNP in real terms would increase by 5.2 percent. Key factors contributing to this gain would be a sharp increase in housing starts to an average 1,638 million units and strong new car sales, averaging more than 10.6 million units for the year. Personal income would increase by roughly 10.5 percent and corporate profits by approximately 43 percent. A notable achievement on the employment front would be a significant decline in the employment rate to an average 7.9 percent for the year.

High Side Outlook

The high side alternative is based on the premise that the current downturn will be deep but short-lived. During the first quarter of 1982, stabilizing economic conditions would be reflected in a decline of only 1 percent in real GNP. The recovery path would follow the traditional post-recession pattern with a sharp increase in the third quarter of 1982. This would be supported in large part by the Federal personal income tax cut effective July 1.

Under this alternative, the depressed levels of activity characteristic of much of 1981 would be reversed early in 1982. New car sales, for instance, would amount to 9.6 million this year

and 11.1 million in 1983. Housing starts, responding to lower levels of interest rates, would reach nearly 1.4 million units this year and 1.8 million units in 1983. Pre-tax corporate profits would increase by 10 percent in 1982 and by 15 percent in 1983. The consumer price index would rise by just over 7 percent this year and 6.5 percent in 1983. These developments would be largely attributable to favorable trends in interest rates which would not rise as much as anticipated under the standard and low forecasts.

The economic data in Table 1 reflect the standard Department of Finance forecast. Table 2 gives key data under the high and low alternatives for 1982 and 1983.

It should be stressed that the low alternative does not imply a low growth trend after 1982. A sharp, prolonged recession this year could well be followed by strong sustained levels of real growth. This would result in higher levels of business activity in 1984 and succeeding years than under the standard forecast. The high alternative, however, consistently outperforms both the standard and low forecasts.

THE CALIFORNIA OUTLOOK

The outlook for California is moderately better than that for the Nation.

Traditionally, California does not experience as sharp a downturn during a recession as does the rest of the country. During the past several months, for instance, total wage and salary employment in the State has been relatively stable in contrast with the pronounced decline registered nationally. Job losses in manufacturing, construction and—most recently—retail trade and State and local government have been largely offset by slow growth in other sectors.

Nonagricultural wage and salary employment in the State is forecast at 10,192,000 for 1982, up 1.1 percent. This would be the slowest growth in the State since 1975. Comparatively moderate year-over-year gains in the service industries, the finance-insurance-real estate group, and trade are expected to offset pronounced weakness in construction, manufacturing, and the transportation-utility sector.

The jobless rate is forecast at 8.1 percent for 1982. Increases in the first half of the year will

be reversed during the last six months as economic recovery gets underway. It is significant that the California unemployment rate is expected to average less than the national rate, continuing the trend of the past two years.

The growth in total personal income in the State—10.3 percent for 1982—will be substantially lower than gains recorded for the past six years and comparable to the growth in 1975. Relatively slow growth (8.8%) is anticipated for wages and salaries, which make up approximately 60 percent of all personal income.

Nonfarm proprietors' income will be held to a gain of 3.4 percent for the year, reflecting the sluggish economic situation. Interest income will increase by nearly 16 percent—down substantially from the exceptional 21.6 percent gain posted in 1981.

The current decline in interest rates is expected to stimulate the lethargic housing industry by mid-year. Even so, it is estimated that only 125,000 units will be authorized during 1982, up from 109,000 in 1981. At this level, housing activity remains far below the 200,000 or more units required each year to meet existing demand, suggesting that housing shortages will be a continuing problem for several years.

Recent reports on retail sales activity suggest that the recession has already had a major impact in the State. No significant improvement is expected until mid-1982. At that time the Federal income tax cut should stimulate sales in the State and contribute strongly to the recovery anticipated for the second half of the year.

The forecast for 1983 calls for moderate growth. Nonagricultural wage and salary employment should be up just over 4 percent for the year—a gain consistent with the traditional bounce-back from previous recessions in California. The strongest growth sectors will be in services, trade, construction and the finance-insurance-real estate group.

Housing activity is expected to be significantly stronger in 1983 with an average 175,000 units authorized. In fact, by the end of the year construction of new homes should be at a 220,000 rate. This improvement will reflect gradual improvement in the financial situation of banks and savings and loan associations, and a stabilizing of the average mortgage rate between 13 and 14 percent.

Retail trade should show relatively sharp gains due to the continuing effects of the 1982 tax cut and the further 10 percent reduction in taxes scheduled for July 1, 1983.

A significant drop in the unemployment rate is forecast to a level of 7.1 percent for the year. This will be achieved by substantial gains in civilian employment (up 4.3%) and moderate growth in the civilian labor force (up 3.3%) as discouraged workers and new entrants move into job seeking status.

Personal income is forecast at \$358.1 billion for 1983, up 11.5 percent from 1982. Stronger growth in wages and salaries along with a sharp rebound in proprietors' income will be primarily responsible for the improvement.

There is probably more disagreement on price trends than any other factor for the coming two years. Forecasts range from continued high increases in the consumer price index to exceptionally low gains. The disparity arises mainly from interpretations of how stabilizing home prices and declining mortgage rates will affect the CPI. The excessive weight of these factors in the California CPI has been largely responsible for the abnormally high increases recorded the past two years. A decline in mortgage rates will put downward pressure on the CPI. Mortgage rates are not expected to come down much below 14 percent, however, and this will reduce the extent to which inflation can be reduced.

The trend of housing prices is also critical. The CPI sample is based on FHA prices, which currently have a ceiling of \$90,000. During a recovery it is possible that more houses will be sold near the upper end of the FHA ceiling. Such an occurrence will preclude a significant decline in this component of the index.

On balance, the California CPI—which is expected to be up 11.1 percent in 1981—is forecast to rise by 11.3 percent in 1982 and 8.3 percent in 1983. Inflation rates should be down to a 6.5 to 7 percent rate during the last half of 1983.

The Alternative Outlooks for California

Two alternative forecasts were also prepared for California. The low was based on the assumption that the recession will continue through the second quarter of the year. The high, in contrast, assumed a very sharp, short downturn with recovery starting in the first quarter of 1982. These two alternatives result in significantly different outlooks.

Nonagricultural wage and salary employment, for instance, is expected to rise by only 0.4 percent under the low scenario but by 1.9 percent under the high alternative. The State's jobless rate would average 8.5 percent on the low side, but decline to 7.6 percent under the high forecast.

The pessimistic forecast for personal income has a gain in 1982 of just over 9 percent. Under the optimistic alternative the gain is 10.3 percent, approximately the same as in the standard outlook. The reason for this similarity arises from price trends. Higher employment implies more entry-level jobs. This development, in combination with more moderate rates of increase in the CPI, leads to lower gains in average wages, which holds down the total improvement in income for the year.

Perhaps the most significant difference is in housing activity. The pessimistic forecast assumes no improvement from 1981, with only 108,000 units authorized for the year. The more optimistic forecast anticipates a steady increase to an average 140,000 for 1982.

By 1983 the disparities between the forecasts are even greater. Income under the low alternative, at \$352.4 billion, would be \$7 billion less than under the high alternative at \$358.5 billion. A much stronger rate of improvement in employment growth and a significantly lower unemployment rate account for the strength in the high alternative.

Key California data for the high and low alternatives are included in Table 2.

TABLE 1
STANDARD BUDGET FORECAST, SELECTED ECONOMIC DATA 1980-83

<i>United States</i> (Dollar amounts in billions)	1980 (Actual)	1981 (Estimated)	1982		1983	
			Amount	Percent Change	Amount	Percent Change
Real gross national product (1972 dollars)	\$1,480.7	\$1,507.8	\$1,502.5	-0.4	\$1,561.9	4.0
Personal consumption expenditures	935.1	959.9	977.7	1.8	1,017.7	4.1
Gross private domestic investment	203.6	214.0	207.1	-3.2	233.7	12.8
Net exports	52.0	43.9	34.0	-	25.0	-
Government purchases of goods and services	290.0	290.0	283.7	-2.2	285.5	0.6
Gross national product (current dollars)	\$2,626.1	\$2,914.9	\$3,164.8	8.6	\$3,557.3	12.4
GNP deflator (1972=100)	177.4	193.3	210.6	8.9	227.8	8.1
Personal income	\$2,160.2	\$2,406.0	\$2,624.0	9.1	\$2,913.7	11.0
Corporate profits, pre-tax	\$245.5	\$225.3	\$229.6	1.9	\$282.3	23.0
Wage and salary employment (thousands)	90,572.8	91,592.0	91,854.8	0.3	94,561.7	2.9
Housing starts (thousands)	1,303.5	1,124.0	1,238.7	10.2	1,536.4	24.0
New car sales (millions)	9.0	8.7	8.5	-1.6	9.4	9.6
Consumer price index (1967=100)	246.8	272.8	296.0	8.5	318.2	7.5
<i>California Data</i>						
Wage and salary employment (thousands)	9,884.2	10,078	10,192	1.1	10,605	4.1
Mining	43.4	48	49	2.7	51	2.5
Construction	446.7	430	411	-4.4	438	6.7
Manufacturing	2,007.4	2,019	2,016	-0.2	2,088	3.6
Transportation-utilities	546.6	558	556	-0.4	570	2.6
Trade	2,271.2	2,322	2,351	1.3	2,469	5.0
Finance-insurance-real estate	623.4	650	665	2.2	695	4.5
Services	2,178.6	2,283	2,374	4.0	2,521	6.2
Government	1,766.9	1,767	1,771	0.2	1,774	0.2
Civilian labor force (thousands)	11,203	11,405	11,607	1.8	11,986	3.3
Employment	10,443	10,557	10,668	1.1	11,131	4.3
Unemployment	760	848	938	10.6	854	-8.9
Rate	6.8	7.4	8.1	-	7.1	-
Personal income (millions)	\$258,167	\$291,066	\$321,075	10.3	\$358,071	11.5
Wages and salaries	\$161,252	\$179,058	\$194,888	8.8	\$216,647	11.2
Corporate profits pre-tax (millions)	\$26,550	\$29,700	\$32,900	10.8	\$39,100	18.8
New auto registrations (thousands)	960.7	930.0	975.0	4.8	1,095.0	12.3
Housing units authorized (thousands)	144	109	125	14.4	175	40.0
Consumer price index (1967=100)	249.4	277.0	308.2	11.3	333.7	8.3

NOTE: Percentage changes calculated from unrounded data.

TABLE 2
ALTERNATIVE ECONOMIC FORECASTS, 1982 and 1983

	1982		1983	
	Amount	Percent Change	Amount	Percent Change
LOW ALTERNATIVE				
<i>United States</i>				
Real gross national product (billions, 1972 \$)	\$1,474.6	-2.1	\$1,551.9	5.2
Corporate profits, pre-tax (billions)	\$193.8	-13.5	\$277.6	43.2
Personal income (billions)	\$2,579.9	7.3	\$2,849.8	10.5
Housing starts (thousands)	1,175.0	4.9	1,637.5	39.4
New car sales (millions)	8.3	-3.5	10.6	27.6
Consumer price index (1967=100)	294.4	7.9	314.7	6.9
<i>California</i>				
Wage and salary employment (thousands)	10,121	0.4	10,549	4.2
Unemployment rate (percent)	8.5	-	7.5	-
Personal income (millions)	\$317,707	9.1	\$352,448	10.9
Wages and salaries	\$192,643	7.6	\$213,059	10.6
Housing units authorized (thousands)	108	-1.1	190	75.9
HIGH ALTERNATIVE				
<i>United States</i>				
Real gross national product (billions, 1972 \$)	\$1,527.7	1.3	\$1,605.1	5.1
Corporate profits, pre-tax (billions)	\$249.8	10.5	\$287.2	15.0
Personal income (billions)	\$2,631.7	9.3	\$2,935.7	11.6
Housing starts (thousands)	1,393.7	24.0	1,800.0	29.1
New car sales (millions)	9.6	10.9	11.1	15.3
Consumer price index (1967=100)	292.1	7.2	311.1	6.5
<i>California</i>				
Wage and salary employment (thousands)	10,269	1.9	10,853	5.7
Unemployment rate (percent)	7.6	-	6.1	-
Personal income (millions)	\$321,226	10.3	\$359,506	11.9
Wages and salaries	\$195,330	9.1	\$219,781	12.5
Housing units authorized (thousands)	140	28.1	218	55.7

REVENUE ESTIMATES

The revenue estimates shown below include the impact of the Governor's recommended revenue program described in the Overview Section.

Revenue growth during 1982-83 reflects the anticipated improvement in economic activity from the decline that occurred in 1981-82. Total revenue during 1982-83 is forecast at \$26,967,605,000, approximately \$2,941 million above the current year and \$5,144 million above actual 1980-81 receipts.

General Fund revenue is expected to total \$23,123,584,000 during the budget year, \$2,600 million (12.7 percent) higher than current year receipts and up \$4,416 million (23.6 percent) from 1980-81. Increases in the sales, personal income and bank and corporation tax revenue account for most of these gains.

Special Fund revenue is expected to total \$3,844,000,000 in 1982-83, or 9.7 percent above the current year and 23.4 percent ahead of 1980-81 actual receipts.

Revenue for the General Fund and Special funds for the past, current and budget years is shown below.

TABLE 3
STATE REVENUE COLLECTIONS¹
(in millions)

Revenue Source	Actual 1980-81	Estimated 1981-82	Estimated 1982-83	Percent of Total 1982-83
General Fund				
Sales and use	\$7,005.8	\$7,593.0	\$8,900.0	33.0
Personal income..	6,628.7	7,575.0	8,055.0	29.9
Bank and corpo- ration	2,730.6	3,055.0	3,630.0	13.5
Inheritance and gift	530.2	528.0	503.0	1.9
Insurance	460.9	496.0	660.0	2.4
Cigarette	196.4	202.0	207.0	0.8
Alcoholic bever- ages	142.9	143.0	147.2	0.5
Horseracing	112.7	107.7	117.2	0.4
Other sources	899.7	823.7	904.1	3.4
Total, General Fund	\$18,707.8	\$20,523.4	\$23,123.6	85.7
Special Funds				
Motor Vehicle				
Fuels	\$840.0	\$834.7	\$914.6	3.4
License fees	693.7	735.0	804.0	3.0
Registration	433.6	650.0	855.0	3.2
Sales	125.7	152.0	155.0	0.6
Cigarette	81.8	84.2	86.2	0.3
Horseracing	17.1	17.3	18.7	0.1
Other sources	924.3	1,030.2	1,010.5	3.7
Total, Special funds	\$3,116.2	\$3,503.4	\$3,844.0	14.3
Total collections	\$21,824.0	\$24,026.8	\$26,967.6	100.0

¹ Dollar amounts may not add due to rounding. Totals and percentages have been compiled from whole dollars.

1981 Tax Legislation

Senate Bill 215 (Chapter 541) was the major tax bill enacted in 1981. This bill increases gasoline and diesel taxes from 7 cents per gallon to 9 cents per gallon beginning with 1983. Effective January 1982 motor vehicle registration fees were doubled, from \$11 to \$22, weight fees on trucks and trailers were increased by 50 percent and drivers' license fees were raised to \$10 per license, from the previous \$3.25.

These changes will increase motor vehicle user taxes and fees by \$200 million in 1981-82 and \$478 million in 1982-83.

Finally, a share of sales tax revenue attributable to gasoline sales was diverted from the General Fund for transportation purposes. The diversion of General Fund money will total \$13 million in 1981-82.

Chapter 933, AB 202 further increased registration fees by \$1, effective January 1982.

The funds attributable to this increase is earmarked for the California Highway Patrol.

Chapter 844 (SB 321) established bank & corporation tax and personal income tax credits related to employer ridesharing costs. This legislation will reduce 1982-83 receipts by \$2.7 million. Chapter 783, SB 773 limits the deduction for dividends received from insurance businesses only to those dividends attributable to California insurers. This legislation is expected to generate \$7 million in 1982-83.

GENERAL FUND REVENUE

Over 85 percent of all State revenue is deposited in the General Fund. This includes collections from such levies as those on sales of tangible personal property, personal income, corporate profits and insurance premiums. For the most part, these taxes are related directly to business conditions. Hence, the estimates of revenue from each source are derived from the economic assumptions outlined above. The influence of these economic factors upon the various tax bases and the methods used in preparing the revenue estimates are summarized in the following material.

Sales and Use Tax—\$9,055,000,000

The sales tax is an excise tax imposed upon retailers for the privilege of selling tangible per-

sonal property in California. Although retailers are responsible for the tax payments, the law states that they shall collect the tax from the consumer if possible. The tax rate is 6 percent in all but three transit districts in the State where an additional ½ percent is levied for the support of mass transit systems. Of the basic 6 percent rate, 4¾ percent represents the State tax rate, 1 percent is for cities and counties and ¼ percent is for county transit systems.

As the State's largest revenue source, the sales and use tax contributes one-third of all State revenues.

Most retail sales and leases of tangible personal property are subject to the sales and use tax. However, several major exemptions were incorporated to reduce the regressivity of the tax. These include food for home consumption; prescription drugs; and gas, electricity, and water. Other exemptions, such as those for vessels and aircraft, provide relief for business.

A portion of the sales tax from gasoline is transferred from the Retail Sales Tax Fund to the Transportation Planning and Development Account in the State Transportation Fund. The amount of the transfer is based upon the level of gasoline sales relative to other taxable sales. However, the transfer cannot exceed a limit which is determined by a 1979-80 base-year amount of \$110 million, increased each year by the lesser of the change in inflation or per capita income plus the change in population. If the amount transferred based on this limit is less than the level of gasoline sales relative to other taxable sales, the General Fund keeps the excess, or spillover.

In 1981, SB 215 was enacted to gradually reduce the amount of revenue that the General Fund is allowed to keep based on the "spillover" formula.

A transfer of \$166,000,000 is estimated for 1981-82. Of this amount, \$13,000,000 is attributable to the provisions of SB 215. In the budget year, the transfer should total \$155,000,000 (no spillover beyond what the General Fund is allowed to keep is estimated for that year).

The sales and use tax forecast is prepared by relating taxable sales by type of retail outlet to

various economic factors such as disposable personal income, housing starts, employment and savings.

Following four years of annual increases in excess of 14 percent, sales growth in 1980 dropped dramatically. This slowing was due largely to credit controls imposed by the Federal Reserve Board during the second quarter. Even though the controls were completely phased out by July, sales relative to income during the year remained depressed from the high levels of spending in the late 70's. Consumers apparently increased their savings and repaid debts rather than purchased taxable goods.

High interest rates have continued to impact negatively on spending, depressing both the auto and housing markets. However, consumer spending did pick up moderately during the first half of 1981, particularly, in apparel and general merchandise stores. The weak economy is expected to slow the growth in even these sectors, with no real signs of strength occurring until mid-1982.

Taxable sales are forecast at \$171 billion during 1982, a nominal increase of 9.6 percent or 1.7 percent in real terms. Comparatively moderate growth is expected for all areas of consumption during the year.

The Federal tax cuts are not expected to impact dramatically on consumption, instead, it is anticipated that a large portion of the consumer's gain will be put into savings.

The general economic upswing in the last half of 1982 and 1983 should boost sales substantially. In 1983, taxable sales are forecast at \$198 billion, a 15.7 percent increase (a 7.7 percent increase after adjusting for inflation). Strength will be seen in building materials and autos due to the high level of demand that built up during the last few years.

Sales and use tax revenues, including the acceleration recommended by the Governor and revenue attributable to audit activities of the Board of Equalization, are:

(In thousands)

1980-81 (actual)	\$7,131,429
1981-82 (estimated)	\$7,745,000
1982-83 (estimated)	\$9,055,000

Table 4
Taxable Sales in California
(in millions)

	<u>1980</u>	<u>1981</u>	<u>Percent</u>	<u>1982</u>	<u>Percent</u>	<u>1983</u>	<u>Percent</u>
	<i>Actual</i>	<i>Estimated</i>	<i>Change</i>	<i>Estimated</i>	<i>Change</i>	<i>Estimated</i>	<i>Change</i>
Motor vehicle dealers, auto repairs and parts, etc.	\$20,393	\$22,341	9.6	\$24,602	10.1	\$29,984	21.9
Producers and refiners of petroleum, service stations, etc.....	18,304	19,514	6.6	20,387	4.5	22,776	11.7
Building materials, including contractors	14,129	14,295	1.2	15,567	8.9	18,836	21.0
Manufacturing and services	25,452	28,311	11.2	31,572	11.5	36,511	15.6
All other retail stores	64,491	71,549	10.9	78,878	10.2	89,707	13.7
Totals	\$142,769	\$156,010	9.3	\$171,006	9.6	\$197,814	15.7

Personal Income Tax—\$8,055,000,000

The personal income tax is the State's second largest revenue source, producing over one-third of General Fund revenues. The tax is imposed on net California taxable income (gross income less exclusions and deductions) with tax rates ranging from 1 to 11 percent. Personal, dependent, and other credits are allowed against the gross tax liability. In addition, a tax on preference income is levied at one-half the regular rates. Preference income includes such items as a portion of accelerated depreciation, and the excluded amount of capital gains income.

The personal income tax was enacted in 1935. Rates at that time ranged from 1 percent on taxable income under \$5,000 to 15 percent on taxable income in excess of \$250,000.

The current law is the result of extensive modifications made throughout the years. In 1971 withholding and quarterly estimated tax payments were adopted. Other changes in that year included revised capital gains treatment, a tax on preference income, and an increase in the then maximum tax rate of 10 percent to 11 percent.

The imposition of withholding resulted in considerable windfall revenue. As a result, a special one-time tax credit was enacted in 1972 which returned \$438 million to the taxpayers. That law also provided for a low-income tax credit which essentially exempted single persons with less than \$4,000 income and married couples with less than \$8,000 income from paying any income tax. (In 1976, incomes for the low-income tax credit were increased to \$5,000 and \$10,000 and in 1978 the credit was indexed.)

As personal income tax rates are progressive, inflation pushed many taxpayers into higher tax rate brackets. To offset these tax increases, the Legislature, effective with the 1978 tax year, provided for the adjustment of tax rate brackets by the annual percent change in the California Consumer Price Index, less 3 percent.

The personal and dependent tax credits and the standard deduction were adjusted by the full annual percent change in the California Consumer Price Index beginning in 1979. These adjustments for inflation are known as indexing.

Legislation enacted in 1979 provided that, for the 1980 and 1981 taxable years, tax rate brackets would be indexed by the full annual percent

change in the California Consumer Price Index.

Indexing provides a substantial reduction in revenue. The following table shows the estimated reduction and percent of total income tax revenue attributable to indexing:

Amount and Percent of Revenue Reduction
Resulting From Indexing

<i>Fiscal Year</i>	<i>Amount of Reduction (in millions)</i>	<i>Percent of Total Income Tax Revenue before Indexing</i>
1978-79.....	\$250	5%
1979-80.....	\$630	9%
1980-81.....	\$1,730	21%
1981-82.....	\$2,240	23%
1982-83.....	\$3,100	28%
Total	\$7,950	

As can be seen from the above table, the tax relief that will be provided from indexing through the budget year totals almost \$8 billion.

Although a number of bills were approved in 1981, none had a significant impact on this revenue forecast.

Total personal income tax revenue is estimated as follows: The estimates include the impact of the Governor's recommended program.

(In thousands)

1980-81 (actual)	\$6,628,694
1981-82 (estimated)	\$7,575,000
1982-83 (estimated)	\$8,055,000

Bank and Corporation Tax—\$3,630,000,000

The bank and corporation franchise tax is levied on corporations for the privilege of doing business in California. The tax is measured by net income and is imposed at a 9.6 percent rate. The corporation income tax was enacted to complement the franchise tax. It is levied, at the same rate as the franchise tax, on the net income of corporations not doing business in California but which derive income from California sources (primarily companies engaged wholly in interstate commerce and holding companies).

Banks and other financial corporations are required to pay an additional tax on their net income. For 1980 and 1981 this additional tax was 2 percent of net income. For 1982, and years thereafter, this rate will be determined annually as the ratio of personal property taxes and business license fees divided by net income plus personal property taxes and business license fees for all corporations except banks, other financials

and public utilities. The tax on banks and other financials is in lieu of all State and local taxes except those on real property and motor vehicles.

In 1981, there were two major legislative changes that will affect bank and corporation tax revenue during the current and budget years.

Chapter 783 (SB 773) modifies the dividend deduction for dividends received from insurance companies. Only dividends attributable to California insurance business will be allowed as a deduction rather than all dividends which are attributable to insurance business. Revenue from this bill is estimated at \$7 million in the budget year.

Chapter 844 (SB 321) established tax credits for specified vehicle purchases related to an employer sponsored ridesharing program. This will reduce revenues by \$1,600,000 in the current year and \$2,200,000 in the budget year.

Revenue collections in the current and budget years depend upon corporate profits attributable to California during 1980, 1981, and 1982. The 1981 and 1982 estimates are based upon a regression analysis which utilizes California taxable sales and the year-to-year difference in the U.S. unemployment rate as the independent variables. According to this analysis, California corporate profits are expected to total \$29.7 billion in 1981 and \$32.9 billion in 1982, up 11.9 percent and 10.8 percent, respectively.

After adjusting for legislation the Governor's revenue program, and payments attributable to audit activities of the Franchise Tax Board, total revenue is estimated as follows:

(In thousands)

1980-81 (actual)	\$2,730,624
1981-82 (estimated)	\$3,055,000
1982-83 (estimated)	\$3,630,000

Insurance Tax—\$660,000,000

Most insurance written is subject to a 2.35 percent gross premiums tax. This tax is in lieu of all other State and local taxes except those on real property and motor vehicles. Exceptions to the 2.35 percent tax rate are certain pension and profit-sharing plans which are taxed at 0.50 percent, surplus lines at 3 percent, and ocean marine insurers at 5 percent of underwriting profits.

A survey conducted by the Department of Finance was used to project insurance premium growth. Responses were obtained from 120 in-

surance companies. These companies account for 60 percent of insurance written in California. The results indicate that taxable premiums will increase by only 5.5 percent in 1981 and are projected to grow 8.0 percent in 1982.

Estimated revenue for the current and budget years, including the recommended acceleration in 1982-83, and revenue actual tax collections in 1980-81 are:

(In thousands)

1980-81 (actual)	\$460,926
1981-82 (estimated)	\$496,000
1982-83 (estimated)	\$660,000

Inheritance and Gift Taxes—\$503,000,000

The California Inheritance Tax Law, adopted in 1879, was extensively modified in 1905 with the initiation of a progressive rate schedule which, for the first time, covered transfers to family members. It is a tax on the right to succeed to property transferred at death. The primary responsibility for the tax liability rests with the decedent's estate.

The inheritance tax base is the value of the property being transferred less certain deductions and exclusions. Taxable property includes all real and tangible personal property in the State, and, in the case of a decedent who was a resident of this State at date of death, intangible personal property wherever located. A tax rate schedule, which varies according to the relationship of the transferee to the decedent, is applied to the taxable base.

Since enactment of the tax, various exemptions, deductions, exclusions and credits have been added to reduce taxes. Among these are the charitable transfer exemption, the \$50,000 life insurance exclusion, and a specific, one-time exemption to each beneficiary, the amount of which varies with the relationship between donee and donor. The specific exemption ranges from a complete exemption for surviving spouses to a minimum of \$3,000 for unrelated beneficiaries.

Chapter 634 (AB 2092), enacted in 1980, exempted all spouses from inheritance and gift taxation and increased the exemption for other beneficiaries, particularly minor children.

A significant amount of the tax relief provided by Chapter 634 will accrue to a relatively few individuals. It is estimated that less than 60,000 persons are now subject to the inheritance taxes,

and 11,000 pay the gift tax. The total inheritance and gift tax relief provided by this bill in the current year is \$100 million in 1981-82; an additional \$150 million in tax reduction will accrue in 1982-83.

The Gift Tax Law provides for an annual \$3,000 exemption from donor to the same donee, with no limit on the number of donees. The law also provides a specific, one-time exemption, the amount of which varies with the relationship between donee and donor. The specific exemptions and the tax rates are the same as those provided in the Inheritance Tax Law.

Accounts receivable in the inheritance tax have approximately tripled in the last two years due to the relatively low interest rate charged on delinquent taxes.

The recommendation to increase the interest charged, in conformity with provisions of federal law, is estimated to contribute \$60 million in 1981-82 and \$25 million in 1982-83.

Estimated revenues for the inheritance and gift taxes are:

	<i>(In thousands)</i>		
	<i>1980-81 Actual</i>	<i>1981-82 Estimated</i>	<i>1982-83 Estimated</i>
Inheritance tax.....	\$508,144	\$505,000	\$470,000
Gift tax.....	22,036	23,000	33,000
Total.....	\$530,180	\$528,000	\$503,000

Cigarette Tax—\$293,200,000

A tax of 10 cents per package of cigarettes is imposed on distributors selling cigarettes in this State. Thirty percent of the total revenue is allocated to local governments with the remaining 70 percent going to the General Fund. Cigars and other tobacco products are not subject to a tobacco tax.

Projections of total and per capita cigarette packs distributed in the current and budget years provide the basis for the cigarette tax estimate. Per capita consumption in the 1981-82 year is expected to increase 1.0 percent from 1980-81. A further gain of 0.8 percent is anticipated in 1982-83. Taxable distributions of cigarettes in 1980-81 totalled 2.82 billion packs; 2.92 billion packs are projected for 1981-82 and 2.96 billion packs for 1982-83. Estimated revenues from the cigarette tax are:

	<i>(In thousands)</i>		
	<i>1980-81 Actual</i>	<i>1981-82 Estimated</i>	<i>1982-83 Estimated</i>
General Fund	\$196,352	\$202,000	\$207,000
Cigarette Tax Fund	85,369	84,200	86,200
Total.....	\$278,161	\$286,200	\$293,200

Alcoholic Beverage Taxes—\$147,200,000

The tax on alcoholic beverages is levied on the distribution of distilled spirits, beer and wine to retailers. The tax rates, which vary with the type of alcoholic beverage, are as follows:

Beer.....	\$0.04 per gallon
Sparkling wine.....	\$0.30 per gallon
Dry wine	\$0.01 per gallon
Sweet wine	\$0.02 per gallon
Distilled spirits.....	\$2.00 per gallon

Alcoholic beverage tax estimates are based on projections of total and per capita consumption in the current and budget years for each type of beverage. Over the past five years beer, dry wine, sparkling wine, and distilled spirits have increased in total consumption, whereas sweet wine has declined. Estimated per capita consumption of each beverage is shown below:

	Apparent Per Capita Consumption (in gallons)		
	<i>1980-81 Actual</i>	<i>1981-82 Estimated</i>	<i>1982-83 Estimated</i>
Beer.....	25.07	25.93	26.55
Sparkling wine.....	.32	.32	.34
Dry wine	3.75	3.84	4.07
Sweet wine .....	.35	.32	.31
Distilled spirits.....	2.40	2.34	2.36

Estimated revenues for the current and budget years, compared with the actual revenue for 1980-81 are:

	<i>(In thousands)</i>		
	<i>1980-81 Actual</i>	<i>1981-82 Estimated</i>	<i>1982-83 Estimated</i>
Beer and wine	\$27,669	\$28,700	\$30,000
Distilled spirits.....	115,191	114,300	117,200
Total	\$142,860	\$143,000	\$147,200

Horseracing Fees—\$135,950,000

Most horseracing revenue comes from a license fee imposed on the total parimutuel handle (the amount bet) and breakage (the odd cents not paid to winning ticket holders). Other sources of horseracing revenue are unclaimed parimutuel tickets, occupational license fees, fines and penalties.

Beginning January 1981, a new license fee schedule and a different distribution of the proceeds was authorized. Rather than one basic license fee schedule, there are now numerous schedules differentiated by the type of horseracing and the size of the handle. These changes were instituted to provide incentives for the expansion of the racing industry. The new tax schedules allow more of the collected money to

be kept by the racetrack and purses to be larger for the horseman. As a further incentive, additional race days have been statutorily authorized. These changes will account for a reduction in the 1981-82 and 1982-83 General Fund share of horseracing revenue.

Revenue from horseracing is anticipated to be \$125,028,000 in 1981-82 and \$135,950,000 in 1982-83. Total parimutuel pools, receipts from horseracing, and the final distribution of such revenue among the various funds are shown as follows:

Sources and Distribution of Horseracing Revenue (In thousands)			
	1980-81 Actual	1981-82 Estimated	1982-83 Estimated
Total parimutuel pools	\$1,993,320	\$2,005,240	\$2,182,540
Receipts:			
Parimutuel license fees..	117,203	113,290	123,900
Breakage	8,402	8,305	9,050
1% additional take-out for fairs	1,488	1,555	1,790
Unclaimed parimutuel tickets.....	2,012	230	250
Occupational license fees, fines penalties and miscellaneous.....	674	1,648	960
Total.....	\$129,779	\$125,028	\$135,950
Distribution:			
General Fund	112,691	107,693	117,260
Fair and Exposition Fund	16,338	16,585	17,940
Wildlife Restoration Fund	750	750	750

Other General Fund Revenue

Miscellaneous receipts for the General Fund will total \$904 million in the budget year, an increase of 9.8 percent from the corresponding figure for the current year and up 0.5 percent from 1980-81. Miscellaneous revenue is made up of six categories; Medi-Cal aid reimbursements, interest income, pay patients and county board charge at hospitals, private car tax, royalties from oil and gas production on State owned lands, and other—including charges for certain services to business and individuals and sales of property.

Alternative Forecasts

Revenue estimates are subject to fluctuations due to changes in the economy or to estimating variations. If a deeper recession than now anticipated occurs, then General Fund revenues could be \$1.1 billion below the estimate. On the other hand, a rapid recovery—accompanied by higher auto sales, housing and employment—

could lead to revenues \$1.1 billion above the forecast.

The low alternative budget year forecast shown in the 1981-82 Budget calls for General Fund revenues of \$19,992 million. The revised 1981-82 estimate, without regard for proposed legislation, is \$20,181 million, within the range indicated in last years budget.

The following table compares the General Fund estimates used in this Budget with high and low alternative estimates.

	(In millions)		
	High Alternative	Budget Estimate	Low Alternative
1981-82.....	\$22,100	\$21,481	\$20,900
1982-83.....	24,700	23,580	22,400

Special Fund Revenue

Provisions of the California Constitution, codes and statutes restrict the use of certain revenue for specified purposes, and these receipts are separately accounted for in various special funds. In general, they comprise three categories of income: (1) receipts from tax levies which are allocated to specified functions; (2) charges for special services to specific functions; (3) rentals, royalties and other receipts earmarked for particular purposes. Motor vehicle taxes and fees illustrate the first of these classes. License fees for the regulation of business and professions are typical of the second. Oil and gas royalties are examples of the third. Interest received by the investment of special fund money is deposited in the fund for which the investments are held.

Motor vehicle taxes and fees account for 67 percent of all special fund revenue. Principal sources of this income are the motor vehicle fuel taxes, registration and weight fees and vehicle license fees. During the 1982-83 fiscal year, \$2.6 billion will be derived from the ownership or operation of motor vehicles. Approximately \$735 million of this revenue will be returned to local governments. The remainder will be available for various State programs related to transportation and services to vehicle owners.

Thirty percent of cigarette tax revenue is deposited in a special fund for distribution to cities and counties. In 1982-83 receipts for this fund are estimated at \$86.2 million.

Charges for special services to industry, business and the professions, together with hunting,

fishing and liquor licenses, other regulatory fees and miscellaneous receipts will amount to \$455.2 million in 1982-83. Oil and gas revenues are estimated to total \$458 million. Interest from investments held for the various special funds is projected at \$97.3 million.

Motor Vehicle Fees—\$1,659,000,000

Motor vehicle fees consist of vehicle license fees, registration fees, weight fees, drivers' license fees, and various other charges related to vehicle operation.

The vehicle license fee is imposed for the privilege of operating a vehicle on the public highways in California. It is calculated on the vehicle's "market value"—the manufacturer's suggested base price, excluding options, adjusted by a depreciation schedule. For motor vehicles, the schedule is based on a nine-year depreciation period; an 18-year depreciation period is used for trailer coaches. A rate of 2 percent is applied to the depreciated value to determine the fee. Revenue from this source is thus contingent on the number of vehicles in the State, the age distribution of those vehicles, and their original base price. The revenues collected, less collection costs, are distributed to local governments.

New vehicle sales (autos, trucks, trailers and motorcycles) in California totaled 1,369,670 in 1980 and are estimated to be 1,279,000 units in 1981. In 1982 and 1983, sales are expected to reach 1,355,000 and 1,515,000 units, respectively.

Allowing for scrappage and vehicles entering and leaving the State, total fee-paid registrations at year-end are estimated at 19,192,000 for 1981, 19,255,000 for 1982 and 19,755,000 for 1983.

Registration fees are levied on all motor vehicles, trailers, semi-trailers and certain types of dollies at a flat rate. In addition to the registration fee, trucks and trailers pay fees based on their unladen weight.

Chapter 541 (SB 215) will, beginning in January 1982, double registration fees from \$11 to \$22, increase weight fees by 50 percent, more than triple all drivers' license fees and increase other miscellaneous charges related to vehicle operation. Chapter 933 (AB 202) will further increase registration fees \$1 per vehicle. The combined effect of these changes is expected to

increase revenue collections by about \$200 million in 1981-82 and \$395 million in the budget year.

Total revenues from motor vehicle fees, including the effects of legislative changes, are:

	<i>(In thousands)</i>		
	<i>1980-81 Actual</i>	<i>1981-82 Estimated</i>	<i>1982-83 Estimated</i>
Registration, weight and other fees	\$433,587	\$650,000	\$855,000
Vehicle license fees	693,706	735,000	804,000
Total	\$1,127,293	\$1,385,000	\$1,659,000

Motor Vehicle Fuel Taxes—\$914,650,000

The motor vehicle fuel license tax and the use fuel (diesel) tax provide the major sources of funds for maintaining, replacing, and constructing State highway and transportation facilities.

The motor vehicle fuel license tax (gas tax) is a tax on the distribution of gasoline and other flammable liquids which are used in propelling motor vehicles, aircraft, and vessels. Distributions of diesel fuel, liquid petroleum gas (LPG), and kerosene are not included under this tax. Revenues collected from the distribution of motor fuel used in aircraft are transferred to the Aeronautics Account.

Gasoline tax revenues are estimated on the basis of average gasoline consumption per vehicle and total vehicle registrations. Consumption per vehicle in 1980-81 amounted to 570 gallons and is projected at 565 gallons for 1981-82 and 555 gallons for 1982-83.

The use fuel tax is imposed on the distribution of diesel fuel, liquefied petroleum gas (LPG), and natural gas for use on State highways. The current tax rates are 7 cents per gallon of motor vehicle fuel or per 100 cubic feet of compressed natural gas, and 6 cents per gallon of LPG or liquid natural gas. In addition, a person may elect to pay a flat rate fuel tax based on vehicle weight in lieu of the tax on LPG. Local transit systems and certain common carriers pay 1 cent per gallon.

Highway consumption of diesel fuel is estimated by projecting the trend of past distributions with adjustments to reflect changes in the economy. Consumption of diesel fuel in 1981-82 is estimated to increase 4.0 percent from 1980-81 and to rise by 8.7 percent in 1982-83.

Chapter 541 (SB 215) will increase the 7 cents motor vehicle and diesel fuel rates to 9 cents per gallon in 1983. This law change is estimated to increase revenue \$82 million in the budget year.

Revenues from motor vehicle fuel taxes are shown below:

	<i>(In thousands)</i>		
	<i>1980-81 Actual</i>	<i>1981-82 Estimated</i>	<i>1982-83 Estimated</i>
Gasoline.....	\$758,360	\$749,700	\$814,650
Use Fuel	81,635	85,000	100,000
Totals.....	\$839,995	\$834,700	\$914,650

Other Special Fund Revenue

For the most part, nontax revenue flowing to special funds represents regulatory fees on business and professions, charges for special services to designated groups, special accounts in the General Fund and royalties from oil and gas production on State-owned land.

For the budget year, these revenues will total \$1,010.5 million compared with \$1,030.2 million in the current year. Actual receipts in 1980-81 were \$924.3 million.

TABLE 5
SUMMARY OF STATE POPULATION, INCOME OF CALIFORNIA RESIDENTS, AND STATE TAX COLLECTIONS
Excluding Departmental, Interest and Miscellaneous Revenue

	Population ¹ July 1st (Thou- sands)	Personal Income ² (Millions)	Income Per Capita	Fiscal Year	State Tax Collections			Taxes per Capita ³			Taxes per \$100 of Personal Income		
					General Fund (Thou- sands)	Special Funds (Thou- sands)	Total (Thou- sands)	General Fund	Special Funds	Total	General Fund	Special Funds	Total
CASH BASIS													
1950.....	10,643	\$19,774	\$1,858	1950-51	\$647,992	\$295,542	\$943,534	\$59.53	\$27.15	\$86.67	\$3.28	\$3.28	\$1.49
1951.....	11,130	22,756	2,045	1951-52	709,245	322,699	1,031,944	62.30	28.35	90.65	3.12	1.42	4.53
1952.....	11,638	25,214	2,167	1952-53	754,048	346,480	1,100,528	63.53	29.19	92.72	2.99	1.37	4.36
1953.....	12,101	27,002	2,231	1953-54	772,250	442,538	1,214,788	62.74	35.95	98.69	2.86	1.64	4.50
1954.....	12,517	27,682	2,212	1954-55	831,899	467,814	1,299,713	65.20	36.66	101.86	3.01	1.69	4.70
1955.....	13,004	30,378	2,336	1955-56	972,828	524,765	1,497,593	73.19	39.48	112.67	3.20	1.73	4.93
1956.....	13,581	33,177	2,443	1956-57	1,042,773	554,713	1,597,486	75.13	39.97	115.10	3.14	1.67	4.82
1957.....	14,177	35,497	2,504	1957-58	1,069,809	572,490	1,642,299	73.99	39.59	113.58	3.01	1.61	4.63
1958.....	14,741	37,325	2,532	1958-59	1,170,890	594,587	1,765,477	77.99	39.60	117.59	3.14	1.59	4.73
1959.....	15,288	40,844	2,672	1959-60	1,443,296	633,492	2,076,788	92.66	40.67	133.33	3.53	1.55	5.08
1960.....	15,863	43,020	2,712	1960-61	1,537,347	656,815	2,194,162	95.26	40.70	135.96	3.57	1.53	5.10
1961.....	16,412	45,379	2,765	1961-62	1,645,300	669,267	2,314,567	98.63	40.12	138.75	3.63	1.47	5.10
1962.....	16,951	48,802	2,879	1962-63	1,791,038	711,185	2,502,223	103.89	41.25	145.14	3.67	1.46	5.13
1963.....	17,530	52,111	2,973	1963-64	2,057,962	813,937	2,871,900	115.76	45.78	161.54	3.95	1.56	5.51
1964.....	18,026	56,171	3,116	1964-65	2,161,157	931,958	3,093,115	118.45	51.08	169.53	3.85	1.66	5.51
1965.....	18,464	59,855	3,242	1965-66	2,398,958	971,625	3,370,582	128.64	52.10	180.75	4.01	1.62	5.63
1966.....	18,831	64,913	3,447	1966-67	2,422,275	993,277	3,415,552	127.47	52.27	179.74	3.73	1.53	5.26
ACCURAL BASIS ⁴													
1966.....	18,831	64,913	3,447	1966-67	2,746,888	1,091,387	3,838,275	144.55	57.43	201.98	4.23	1.68	5.91
1967.....	19,175	69,540	3,627	1967-68	3,557,610	1,118,311	4,675,921	184.29	57.93	242.23	5.12	1.61	6.72
1968.....	19,432	76,114	3,917	1968-69	3,962,520	1,210,229	5,172,748	202.29	61.78	264.08	5.21	1.59	6.80
1969.....	19,745	84,402	4,275	1969-70	4,125,607	1,283,258	5,408,865	207.40	64.51	271.91	4.89	1.52	6.41
1970.....	20,039	90,295	4,506	1970-71	4,290,263	1,308,350	5,598,613	212.46	64.79	277.26	4.75	1.45	6.20
1971.....	20,347	95,653	4,701	1971-72	5,212,693	1,385,863	6,598,555	254.65	67.70	322.35	5.45	1.45	6.90
1972.....	20,593	104,191	5,060	1972-73	5,758,266	1,470,905	7,229,171	277.68	70.93	348.61	5.53	1.41	6.94
1973.....	20,881	114,690	5,493	1973-74	6,379,476	1,497,588	7,877,064	303.26	71.19	374.46	5.56	1.31	6.87
1974.....	21,191	128,177	6,049	1974-75	8,045,039	1,529,459	9,574,497	376.39	71.56	447.95	6.28	1.19	7.47
1975.....	21,557	141,332	6,556	1975-76	9,068,903	1,641,174	10,710,077	416.84	75.43	492.27	6.42	1.16	7.58
1976.....	21,956	157,437	7,171	1976-77	10,780,867	1,744,013	12,524,880	486.42	78.69	565.11	6.85	1.11	7.96
1977.....	22,371	175,626	7,851	1977-78	12,951,613	1,874,714	14,826,327	572.81	82.91	655.73	7.37	1.07	8.44
1978.....	22,850	198,782	8,699	1978-79	14,187,549	2,013,879	16,201,427	614.91	87.28	702.20	7.14	1.01	8.15
1979.....	23,295	228,481	9,808	1979-80	16,860,019	2,197,397	19,057,417	716.41	93.37	809.78	7.38	0.96	8.34
1980.....	23,774	259,551	10,918	1980-81	17,808,092	2,191,849	19,999,941	741.60	91.28	832.88	6.86	0.84	7.71
1981†.....	24,238	291,006	12,006	1981-82†	19,699,693	2,473,235	22,172,928	805.29	101.10	906.39	6.77	0.85	7.62
1982†.....	24,681	321,075	13,009	1982-83†	22,219,460	2,833,540	25,053,000	892.42	113.81	1,006.23	6.92	0.88	7.80

¹ Population estimated by the State Department of Finance.

² Personal income, 1950 through 1980, from estimates by the Bureau of Economic Analysis, United States Department of Commerce. Data for 1981 and 1982 are estimates by the State Department of Finance.

³ Taxes per capita computed on the basis of population January 1, the midpoint of the fiscal year.

⁴ Beginning in 1966-67, most state revenues were placed on an accrual basis. Beginning in 1973-74, accounts receivable only are accrued.

[†] Estimated.

Data may not add due to rounding.

NOTE: Data are shown for 1966-67 on both bases in order to facilitate long-term comparisons.

TABLE 6
COMPARATIVE YIELD OF STATE TAXES, 1950-51 THROUGH 1982-83
(In thousands)

Year Ending June 30	Sales and Use	Personal Income	Bank and Corporation ¹	Cig- arette	Inheritance and Gift	Insur- ance	Distilled Spirits	Horse Racing	Beer and Wine	Motor Vehicle Fuel ²	Motor Vehicle Fees ³
CASH BASIS											
1951.....	\$399,243	\$75,891	\$98,245	-	\$23,671	\$23,447	\$16,094	\$16,368	\$3,796	\$149,907	\$117,680
1952.....	417,693	90,914	120,127	-	29,165	25,732	14,430	20,042	3,730	163,076	127,809
1953.....	460,110	94,551	119,127	-	23,474	29,171	15,615	20,960	4,069	170,871	139,406
1954.....	465,051	96,169	125,026	-	24,112	34,325	15,546	22,512	3,989	234,395	170,519
1955.....	492,917	106,738	133,661	-	30,250	38,501	16,108	22,838	4,172	244,588	185,505
1956.....	564,225	127,816	157,088	-	36,334	39,104	33,970	24,891	4,373	273,086	209,817
1957.....	600,102	143,290	167,431	-	38,540	42,529	34,902	26,695	4,361	291,364	219,266
1958.....	605,238	149,269	173,599	-	45,331	46,037	33,963	25,948	4,595	302,671	227,153
1959.....	631,514	160,553	174,003	-	44,943	105,832	36,685	28,087	5,129	317,709	236,177
1960.....	709,648	246,585	240,735	\$64,805	47,189	61,530	40,369	36,288	10,016	336,786	256,303
1961.....	711,702	269,103	272,718	66,024	76,803	66,745	41,274	37,260	9,704	350,801	264,842
1962.....	749,523	299,034	290,870	66,054	76,012	71,699	43,418	38,311	10,495	363,771	274,906
1963.....	813,465	322,012	311,251	70,194	92,432	77,970	48,152	41,663	10,659	386,215	298,356
1964.....	876,944	392,341	405,431	71,822	102,195	107,200	50,145	43,442	11,299	450,195	329,584
1965.....	939,649	410,109	416,247	74,477	114,464	95,199	53,915	47,560	12,422	542,822	353,607
1966.....	1,096,162	454,625	435,597	74,578	123,781	100,854	56,718	47,443	12,606	551,108	382,656
1967.....	1,053,249	500,086	453,292	75,597	114,413	107,186	59,564	49,311	13,751	548,287	405,061
ACCURAL BASIS *											
1967.....	1,190,750	626,697	453,292	78,191	141,899	131,226	64,733	49,311	14,964	643,698	405,061
1968.....	1,464,927	952,487	576,874	219,272	135,554	121,155	81,700	54,799	13,196	580,487	437,918
1969.....	1,652,979	1,101,691	592,303	237,328	158,815	130,312	85,494	59,839	14,118	625,667	469,655
1970.....	1,753,611	1,152,053	587,013	236,878	164,299	136,733	89,793	58,244	16,115	668,537	498,992
1971.....	1,808,052	1,264,383	532,091	239,721	185,699	158,423	90,765	64,601	15,791	674,635	513,201
1972.....	2,015,993	1,785,618	662,522	247,424	220,192	170,179	94,717	69,380	17,374	712,426	547,844
1973.....	2,198,523	1,884,058	866,117	253,602	260,119	179,674	96,907	72,693	17,977	746,196	596,922
1974.....	2,675,738	1,831,964	1,057,191	258,921	231,934	201,697	100,554	78,289	18,758	742,702	644,448
1975.....	3,376,153	2,581,584	1,251,673	261,975	242,627	202,991	100,856	86,637	19,893	752,234	664,453
1976.....	3,742,524	3,089,963	1,286,515	268,610	316,648	241,224	104,697	96,117	20,616	766,555	749,936
1977.....	4,311,909	3,761,356	1,641,500	269,384	367,964	322,476	105,275	102,702	22,210	810,321	807,782
1978.....	5,030,438	4,667,887	2,082,208	273,658	365,092	387,560	109,088	111,591	22,972	850,181	924,411
1979.....	5,780,919	4,761,571	2,381,223	268,816	416,955	420,184	114,922	113,253	23,137	896,591	1,021,857
1980.....	6,623,521	6,506,015	2,510,039	290,043	465,611	446,228	112,757	127,635	26,183	852,751	1,096,640
1981.....	7,131,429	6,628,694	2,730,624	278,161	530,180	460,926	115,191	129,779	27,669	839,995	1,127,293
1982 †.....	7,745,000	7,575,000	3,055,000	286,200	528,000	496,000	114,300	125,028	28,700	834,700	1,185,000
1983 †.....	9,055,000	8,055,000	3,630,000	293,200	503,000	660,000	117,200	135,950	30,000	914,650	1,659,000

¹ Includes the corporation income tax.

² Motor vehicle fuel tax (gasoline), use fuel tax (diesel and liquefied petroleum gas).

³ Registration and weight fees, motor vehicle license fees and other fees.

* Beginning in 1966-67, most state revenues were placed on an accrual basis. Beginning with 1973-74, accounts receivable only are accrued.

† Estimated.

NOTE: Data are shown for 1966-67 on both bases in order to facilitate long-term comparisons.

TABLE 7
OUTLINE OF STATE TAX SYSTEM AS OF JANUARY 1, 1982

Major Taxes and Fees	Reference		Base or Measure	Rate	Administering Agency	Fund
	Code	Sections				
Alcoholic Beverage Ex-						
cises:						
Beer	R & T (1)	32151(a)	Gallon	\$0.04	Equalization (2)	General
Distilled spirits	R & T	32201(a)	Gallon	2.00	Equalization	General
Wine:						
Dry	R & T	32151(b)	Gallon .....	.01	Equalization	General
Sweet	R & T	32151(c)	Gallon .....	.02	Equalization	General
Sparkling	R & T	32151(d)	Gallon .....	.30	Equalization	General
Sparkling hard cider..	R & T	32151(e)	Gallon .....	.02	Equalization	General
Bank and Corporation:						
General corporations	R & T	23151 23501	Net income	9.6% (3)	Franchise (4)	General
Banks and financial cor-	R & T	23183	Net income	11.6%	Franchise	General
porations	R & T	30101	Package	\$0.10 (5)	Equalization	Cigarette Tax Fund (6)
Cigarette.....						
Energy Resources Sur-	R & T	40032	Kilowatt hours	\$0.0002	Equalization	Energy Resources Surcharge Fund
charge.....						
Gift	R & T	15201	Market value	3-24%	Controller	General
Horse Racing License.....	B & P (7)	19611 19612 19614 19491	Amt. wagered	1.0-6.45%	Horse Racing Board	Fair and Expo. (8), Wildlife Restoration and General
			Breakage.....	0-100%		
Inheritance.....	R & T	13401	Market value	3-24%	Controller	General
Insurance	R & T	12202	Gross Premiums	2.35% (9)	Insurance Dept.	General
Liquor license fees	B & P	23320	Type of license	Various	Alcohol Beverage Control Dept.....	General
Motor Vehicle:						
Vehicle license fees	R & T	10751	Market value	2%	Motor Vehicle Dept.	Vehicle License Fee (10)
Fuel—gasoline	R & T	7351	Gallon	\$0.07	Equalization	Fuel (11)
Fuel—diesel	R & T	8651	Gallon .....	.07	Equalization	Fuel
Registration fee	Vehicle	9250	Vehicle	\$23.00	Motor Vehicle Dept.	Motor Veh. (12)
Weight fees	Vehicle	9400	Unladen weight	Various	Motor Vehicle Dept.	Motor Vehicle
Personal Income	R & T	17041	Taxable income	1-11%	Franchise	General
Preference Income:						
Bank and corporation....	R & T	23400	Preference income over \$30,000	2.5%	Franchise	General
Personal	R & T	17062	Preference income over \$4,000 (single), \$8,000 (joint, head of household, or surviving spouse)	0.5-5.5% (13)	Franchise	General
Private Railroad Car	R & T	11401	Valuation		Equalization	General
Retail Sales and Use.....	R & T	6051 6201	Receipts from sales or lease of taxable items	4.75%	Equalization	General and State Transportation Fund

(1) Revenue and Taxation Code.

(2) State Board of Equalization.

(3) Minimum Tax \$200 per year.

(4) Franchise Tax Board.

(5) This tax is levied at the rate of 5 mills per cigarette.

(6) 30 percent of the cigarette tax is remitted to local jurisdictions.

(7) Business and Professions Code.

(8) For support of county fairs and similar activities.

(9) Ocean marine insurance is taxed at the rate of 5 percent of underwriting profit attributable to California business. A special rate also applies to certain types of insurance and annuities.

(10) For return to cities and counties.

(11) For payment of administrative costs and apportionment to counties, cities and school districts.

(12) For administrative expense and apportionment to state, counties and cities for highways, airports and small craft harbors.

(13) For support of State Department of Motor Vehicles, California Highway Patrol, state highways and environmental protection.

(14) Average property tax rate in the State during preceding year.

CLASSIFICATION OF FUNDS IN THE STATE TREASURY

Revenues and expenditures in the program budget and the summary schedules reflect the activities of many separate funds. Schedules 4 and 5 provide a complete list of these funds. The Index lists those funds for which Fund Conditions are included in the budget and references the page number. General Fund and Special Fund expenditures represent the cost of government and are included in budget totals; and along with selected Bond Funds, are included in the overall expenditure totals. Beginning in 1981-82, the classification of funds in the state treasury is being changed to conform to Generally Accepted Accounting Principles as set forth by the National Council on Governmental Accounting. Schedule 1-D in the A-Pages includes a description of these changes and shows their effect on the 1982-83 budget totals.

GENERAL FUND—Used to account for all revenues and activities financed therefrom which are not required by law to be accounted by any other fund. Most state expenditures are financed from the General Fund. Normally, the only difference between the General Fund and the other governmental cost funds is the restriction placed on the use of revenues of the other governmental cost funds.

SPECIAL FUNDS—Consists of governmental cost funds used to account for taxes and revenues which are restricted by law for particular functions or activities of government. The funds included in these classifications are primarily for the regulation of businesses, professions and vocations; transportation; law enforcement and capital outlay.

General Fund Special Accounts—Legislatively created accounts or dedicated revenues within the General Fund. Moneys credited to such accounts may be used only for the purposes specified in the legislation. As a result of Chapter 942, Statutes of 1977, these special accounts are treated as special funds and revenues and expenditures are included in the special funds totals in the summary schedules of the budget. They are therefore excluded from the General Fund Unrestricted revenues, expenditures and reserves.

OTHER FUNDS—See Schedule 5 for a list of funds which do not represent a cost of government. Expenditures from these funds are not included in the budget totals. They consist of moneys which were derived from sources other than general or special taxes, licenses, fees or other state revenues. Included are receipts from the Federal Government, funds created for accounting purposes, receipts from sale of lands, or moneys held in trust. These funds are segregated into the following classifications:

Working Capital and Revolving Funds—Funds created to finance internal service activities rendered by a state agency to other state agencies or to local governments for which charges are made at cost. The charges are reflected as expenditures in the budget of the agency receiving the commodity or service.

Public Service Enterprise Funds—Self-supporting activities operated by the State for the benefit of the public. Funds are derived from charges to those who use the service and no support is derived from taxes, licenses or other state revenues.

Bond Funds—Used to account for the receipt and disbursement of proceeds from the sale of bonds and to finance projects for which the bonds were authorized. Expenditures are considered a cost of government at the time interest payments are made and as the bonds are redeemed.

Retirement Funds—Moneys held in trust by the State for retirement benefit payments.

Trust and Agency Funds—Funds holding moneys in trust pending disbursements to trustors, moneys received from the Federal Government to be expended for specific purposes, and other funds which do not derive their sources from taxes or other state revenues, or are in the nature of transitory funds created for the convenience of accounting receipts or disbursements which are not necessarily revenues or expenditures.

SELECTED BOND FUNDS—Included in the overall expenditure totals of Schedules 1 and 3 for budget purposes are expenditures from the following funds:

Health Science Facilities Construction Program Fund.

Recreation and Fish and Wildlife Enhancement Fund.

State Beach, Park, Recreational and Historical Facilities Fund (of 1964).

State Beach, Park, Recreational and Historical Facilities Fund (of 1974).

State Clean Water Fund.

State Construction Program Fund.

California Safe Drinking Water Fund.

State, Urban, and Coastal Park Fund (Bond Act of 1976).

Parklands Fund of 1980.

State Clean Water and Water Conservation Fund.

New Prison Construction Funds.

Schedule 2

COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1980-81, 1981-82, AND 1982-83

Sources	Actual 1980-81 *		Estimated 1981-82 *		Estimated 1982-83 *	
	General Fund	Total	General Fund	Special funds	General Fund	Special funds
MAJOR TAXES AND LICENSES:						
Alcoholic Beverage Taxes and Fees:						
(a) Excise Tax on Beer and Wine	\$27,669	\$27,669	\$28,700	-	\$30,000	-
(b) Excise Tax on Distilled Spirits	115,191	115,191	114,300	-	117,200	-
Bank and Corporation Tax	2,730,624	2,730,624	3,055,000	-	3,630,000	-
Cigarette Tax	196,352	278,161	202,000	\$84,200	207,000	\$86,200
Gift Tax	22,036	22,036	23,000	-	33,000	-
Horse Racing Revenues	112,691	17,088	107,693	17,335	117,260	18,690
Inheritance Tax	508,144	508,144	505,000	-	470,000	-
Insurance Companies Tax	460,926	460,926	496,000	-	660,000	-
Motor Vehicle License Fees ("In-Lieu" Tax)	-	656,132	-	700,000	-	770,000
Motor Vehicle Fuel Tax:						
(a) Gasoline	-	758,360	-	749,700	-	814,650
(b) Diesel and Liquefied Petroleum Gas	-	81,635	-	85,000	-	100,000
Motor Vehicle Registration and Other Fees	-	433,587	-	650,000	-	855,000
Personal Income Tax	6,628,694	6,628,694	7,575,000	-	8,055,000	-
Retail Sales and Use Taxes	7,005,765	7,131,429	7,593,000	152,000	8,900,000	155,000
Trailer Coach Fees (In-Lieu)	-	37,574	-	35,000	-	34,000
TOTALS, MAJOR TAXES AND LICENSES:	\$17,808,092	\$19,999,941	\$19,699,693	\$2,473,235	\$22,219,460	\$2,833,540
OTHER REVENUES:						
Liquor License Fees	\$21,679	\$26,626	\$26,750	-	\$25,750	-
Private Railroad Car Tax	8,301	8,301	6,023	-	6,100	-
Off-Highway Motor Vehicle License Fees ("In-Lieu" Tax)	-	530	-	605	-	655
Off-Highway Motor Vehicle Registration and Other Fees	-	1,687	-	1,748	-	1,806
Personalized License Plates	-	9,853	-	11,271	-	12,833
Architecture Public Building Fees	-	2,563	-	3,565	-	3,945
Corporation Licenses, Permits and Examination Fees	8,189	8,189	8,058	-	8,055	-
County Board Charges:						
Mental Health Patients and Clinic Fees	8,426	8,426	19,583	-	19,966	-
Pay Patents Board Charges and Clinic Fees	-	-	-	-	-	-
State Hospital Patients	17,078	17,078	20,160	-	21,976	-
Teacher Credential Fees	-	3,665	-	3,960	-	4,410
Receipts from Health Care Deposit Fund	234,929	234,929	288,785	-	249,070	-
Medicare Receipts from the Federal Government	3,870	3,870	3,125	-	3,438	-
Department of Food and Agriculture:						
Department of Consumer Affairs	73	20,571	100	22,420	100	22,250
Electrical Energy Surcharge	536	56,820	565	60,175	599	65,922
Telephone Users Surcharge	-	23,817	-	29,666	-	30,700
Department of Real Estate	-	15,760	-	15,800	-	15,800
Department of Fish and Game	-	10,619	-	11,310	-	16,894
Department of Insurance	-	37,315	-	40,821	-	43,360
Interest on Investments:						
(a) Interest Income	1,089	11,438	11,613	509	12,921	534
(b) Pooled Money Investments	460,278	4,766	310,000	5,342	1,125	5,804
(c) Surplus Money Investments	1,430	460,278	1,500	84,050	300,000	-
(d) Condemnation Deposit Investments	99	104,027	54	-	1,600	90,222
(e) Other Interest Income	784	1,394	1,125	54	-	54
Oil and Gas Revenues:						
(a) Revenues Collected by State Lands Division	35,715	1,846	18,228	1,255	1,089	1,255
(b) Federal Lands	-	498,991	-	476,931	-	439,710
(c) Other	1,066	17,384	1,140	18,234	1,220	18,293
Penalties and Interest on Unemployment Contributions	-	1,066	-	-	-	-
TOTALS:	\$17,808,092	\$19,999,941	\$19,699,693	\$2,473,235	\$22,219,460	\$2,833,540
OTHER REVENUES:						
Liquor License Fees	\$21,679	\$26,626	\$26,750	-	\$25,750	-
Private Railroad Car Tax	8,301	8,301	6,023	-	6,100	-
Off-Highway Motor Vehicle License Fees ("In-Lieu" Tax)	-	530	-	605	-	655
Off-Highway Motor Vehicle Registration and Other Fees	-	1,687	-	1,748	-	1,806
Personalized License Plates	-	9,853	-	11,271	-	12,833
Architecture Public Building Fees	-	2,563	-	3,565	-	3,945
Corporation Licenses, Permits and Examination Fees	8,189	8,189	8,058	-	8,055	-
County Board Charges:						
Mental Health Patients and Clinic Fees	8,426	8,426	19,583	-	19,966	-
Pay Patents Board Charges and Clinic Fees	-	-	-	-	-	-
State Hospital Patients	17,078	17,078	20,160	-	21,976	-
Teacher Credential Fees	-	3,665	-	3,960	-	4,410
Receipts from Health Care Deposit Fund	234,929	234,929	288,785	-	249,070	-
Medicare Receipts from the Federal Government	3,870	3,870	3,125	-	3,438	-
Department of Food and Agriculture:						
Department of Consumer Affairs	73	20,571	100	22,420	100	22,250
Electrical Energy Surcharge	536	56,820	565	60,175	599	65,922
Telephone Users Surcharge	-	23,817	-	29,666	-	30,700
Department of Real Estate	-	15,760	-	15,800	-	15,800
Department of Fish and Game	-	10,619	-	11,310	-	16,894
Department of Insurance	-	37,315	-	40,821	-	43,360
Interest on Investments:						
(a) Interest Income	1,089	11,438	11,613	509	12,921	534
(b) Pooled Money Investments	460,278	4,766	310,000	5,342	1,125	5,804
(c) Surplus Money Investments	1,430	460,278	1,500	84,050	300,000	-
(d) Condemnation Deposit Investments	99	104,027	54	-	1,600	90,222
(e) Other Interest Income	784	1,394	1,125	54	-	54
Oil and Gas Revenues:						
(a) Revenues Collected by State Lands Division	35,715	1,846	18,228	1,255	1,089	1,255
(b) Federal Lands	-	498,991	-	476,931	-	439,710
(c) Other	1,066	17,384	1,140	18,234	1,220	18,293
Penalties and Interest on Unemployment Contributions	-	1,066	-	-	-	-
TOTALS:	\$17,808,092	\$19,999,941	\$19,699,693	\$2,473,235	\$22,219,460	\$2,833,540

* Dollars in thousands

COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1980-81, 1981-82, AND 1982-83—Continued

Sources	Actual 1980-81 *		Estimated 1981-82 *		Estimated 1982-83 *	
	General Fund	Special funds	General Fund	Special funds	General Fund	Special funds
Penalties on Traffic Violations	-	25,748	-	59,326	-	60,841
Penalties on Criminal Convictions	-	3,580	-	5,472	-	5,872
Secretary of State—Fees and Miscellaneous	10,305	-	11,019	11,019	13,301	13,301
Public Utilities Commission	3,219	17,126	2,876	7,919	27,453	39,894
Proceeds Under Unclaimed Property Tax	17,443	17,443	19,000	19,000	20,000	20,000
Sales of State Property	2,573	4,960	4,372	4,372	4,344	4,344
State Beach and Park Service Fees	10,322	17,497	13,783	7,180	18,240	23,450
California Exposition and State Fair	5,157	5,157	6,383	6,383	6,666	6,666
Not Otherwise Classified	36,177	118,808	48,362	151,517	76,097	216,326
TOTALS, OTHER REVENUES	\$899,694	\$924,342	\$823,728	\$1,853,904	\$904,124	\$1,010,481
TOTALS, REVENUES	\$18,707,786	\$3,116,191	\$20,523,421	\$3,503,411	\$23,123,584	\$3,844,021
OTHER INCOME—TRANSFERS						
California Water Fund	-	-	2,210	-	-	-
Capital Outlay Fund for Public Higher Education	-	-	84,887	-	-	-
Construction Inspectors Registration Board Fund	-	-	171	-	-	-
Driver Training Penalty Assessment Fund	18,723	-18,723	4,079	-4,079	487	-487
Employment Development Department Contingent Fund	-	-	4,967	-4,967	-	-
Energy and Resources Fund	16,735	-16,735	89,836	-89,836	-	-
Fair and Exposition Fund	-	-	-	-	-	-
Federal Revenue Sharing Fund ¹	276,200	-	180,300	-	-	-
Fingerprint Fees Account	4	-4	654	-654	-	-
Forest Resources Improvement Fund	1,418	-	1,814	-	1,307	-
Highway Carrier's Uniform Business License Tax Fund	-	-	617	-617	-	-
Industrial Relations Unpaid Wage Fund	2,046	-	898	-	898	-
Motor Vehicle License Fee Account	-	-	131,280	-131,280	450,000	-450,000
Off-Highway Vehicle Fund	-	-	8,500	-8,500	-	-
Property Acquisition Law Mooney	-	-	400	-400	-	-
Service Revolving Fund ¹	-	-	1,242	-	121	-
Racetrack Security Account, Special Deposit Fund	-	-	1,323	-	1,247	-
Solar Energy Revolving Loan Fund ¹	147	-	-	-	-	-
Special Account for Capital Outlay	-	-	80,524	-80,524	-	-
State Parks and Recreation Fund	-	-	53,769	-53,769	-	-
State Instructional Materials Fund	-	-	-	-	-	-
State School Building Lease-Purchase Fund	-	-	252,000	-252,000	-	-
Transportation Planning and Development Account	-	-	33,500	-33,500	2,700	-2,700
University of California Teaching Hospital Revolving Fund ¹	-	-	25,000	-	-	-
TOTALS, OTHER INCOME	\$315,273	-\$35,462	\$957,971	-\$747,394	\$456,760	-\$453,187
TOTALS, REVENUES AND TRANSFERS	\$19,023,059	\$3,080,729	\$21,481,392	\$2,756,017	\$23,580,344	\$3,390,834

¹ Not recorded as reduction in special funds as these funds are oogoovernmental cost funds and receipts are not included in budget totals.

* Dollars in thousands

**COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1980-81, 1981-82, AND 1982-83**
(Figures in thousands)

	Actual 1980-81				Estimated 1981-82				Estimated 1982-83						
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
STATE OPERATIONS															
LEGISLATIVE/JUDICIAL/EXECUTIVE															
Legislative:															
Legislature:															
Senate.....	\$23,866	-\$1,861	\$22,005	-	-	\$31,057	\$1,335	\$32,392	-	-	\$30,335	-	\$30,335	-	-
Assembly.....	37,792	1,112	38,904	-	-	46,746	1,766	48,512	-	-	46,373	-	46,373	-	-
Joint Expenses.....	16,930	144	17,074	-	-	21,039	2,385	23,624	-	-	20,602	\$1,900	22,502	-	-
Totals, Legislature.....	\$78,388	-\$605	\$77,983	-	-	\$98,842	\$5,686	\$104,528	-	-	\$97,310	\$1,900	\$99,210	-	-
Contributions to Legislators' Retirement Fund.....	631	-	631	-	-	660	-	660	-	-	720	-	720	-	-
Legislative Counsel Bureau.....	8,454	-	8,454	-	-	9,968	-	9,968	-	-	14,412	-	14,412	-	-
Law Revision Commission.....	379	-	379	-	-	398	-	398	-	-	407	-	407	-	-
Commission on Uniform State Laws.....	43	-	43	-	-	46	-	46	-	-	49	-	49	-	-
Totals, Legislature.....	\$88,095	-\$605	\$87,490	-	-	\$109,914	\$5,686	\$115,600	-	-	\$112,698	\$1,900	\$114,798	-	-
Judicial:															
Judiciary.....	\$26,353	\$49	\$26,402	-	-	\$32,165	\$52	\$32,217	-	-	\$38,424	\$52	\$38,476	-	-
Contributions to Judges' Retirement Fund.....	856	-	856	-	-	937	-	937	-	-	916	-	916	-	-
National Center for State Courts.....	14	-	14	-	-	14	-	14	-	-	14	-	14	-	-
Totals, Judicial.....	\$27,223	\$49	\$27,272	-	-	\$33,116	\$52	\$33,168	-	-	\$39,354	\$52	\$39,406	-	-
Executive:															
Governor:															
Governor's Executive Office.....	\$4,491	-	\$4,491	-	-	\$4,929	-	\$4,929	-	-	\$4,929	-	\$4,929	-	\$61
Secretary for State and Consumer Services.....	781	-	781	-	-	816	-	816	-	-	819	-	819	-	-
Secretary for Business, Transportation and Housing.....	216	\$802	1,018	-	-	385	\$681	1,066	-	-	394	\$581	975	-	-
Secretary for Health and Welfare.....	1,724	-	1,724	-	\$38	4,180	-	4,180	-	\$198	3,354	-	3,354	-	-
Secretary for Resources.....	1,078	-	1,078	-	49	1,184	-	1,184	-	113	1,199	-	1,199	-	-
Secretary for Youth and Adult Correctional Agency.....	617	-	617	-	-	655	-	655	-	-	654	-	654	-	16
Office for Citizen Initiative and Voluntary Action.....	105	-	105	-	195	-	-	-	-	56	65	-	65	-	-
Governor's Council on Wellness and Physical Fitness.....	-	-	-	-	-	-	-	-	-	-	103	-	103	-	157
Southwest Border Regional Commission.....	-	-	-	-	150	-	-	-	-	105	-	-	-	-	-
Office of Employee Relations.....	539	-	539	-	-	-	-	-	-	-	-	-	-	-	600
Office of Planning and Research.....	3,203	-	3,203	-	1,793	3,746	201	3,947	-	1,463	3,777	362	4,139	-	96,228
Office of Economic Opportunity.....	-	-	-	-	-	-	-	438	-	2,687	797	-	797	-	2,701
Office of Emergency Services.....	3,795	\$16	4,311	-	1,747	4,138	1,127	5,265	-	4,270	4,270	491	4,761	-	-
Governor's Portrait.....	-	-	-	-	-	-	-	-	-	-	13	-	13	-	-
Governor Elect and Outgoing Governor.....	-	-	-	-	-	-	-	-	-	-	348	-	348	-	-
Totals, Governor.....	\$16,549	\$1,318	\$17,867	-	\$3,972	\$20,471	\$2,009	\$22,480	-	\$51,581	\$20,722	\$1,434	\$22,156	-	\$99,763
Constitutional Offices:															
Office of the Lieutenant Governor.....	\$933	-	\$933	-	\$1	\$1,001	-	\$1,001	-	-	\$1,002	-	\$1,002	-	\$3,072
Department of Justice.....	81,621	\$12,548	94,169	-	4,088	85,786	\$13,204	98,990	-	\$4,575	87,439	\$14,105	101,544	-	1,147
State Controller.....	39,155	1,837	40,992	-	1,175	41,889	2,072	43,961	-	1,503	41,916	2,176	44,092	-	-
State Board of Equalization.....	65,024	3,292	68,316	-	-	66,838	3,844	70,682	-	-	71,881	3,980	75,861	-	-
Secretary of State.....	9,206	-	9,206	-	-	10,351	-	10,351	-	-	11,873	-	11,873	-	-
Commission on Voting Machines and Vote Tabulating Devices.....	6	-	6	-	-	10	-	10	-	-	11	-	11	-	-
State Treasurer.....	2,354	-	2,354	-	-	3,231	-	3,231	-	-	3,205	-	3,205	-	-
Totals, Constitutional Offices.....	\$198,299	\$17,677	\$215,976	-	\$5,264	\$209,106	\$19,120	\$228,226	-	\$6,078	\$217,327	\$20,261	\$237,588	-	\$4,219
Totals, Executive.....	\$214,848	\$18,993	\$233,843	-	\$9,236	\$229,577	\$21,129	\$250,706	-	\$57,659	\$238,049	\$21,695	\$259,744	-	\$103,982
TOTALS, LEGISLATIVE/JUDICIAL/EXECUTIVE.....	\$330,166	\$18,439	\$348,605	-	\$9,236	\$372,607	\$26,867	\$399,474	-	\$57,659	\$390,301	\$23,647	\$413,948	-	\$103,982

**COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1980-81, 1981-82, AND 1982-83—Continued**

(Figures in thousands)

	Actual 1980-81			Estimated 1981-82			Estimated 1982-83			
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
STATE AND CONSUMER SERVICES AGENCY										
Museum of Science and Industry	\$3,352	-	\$3,352	-	-	\$4,371	-	\$4,350	-	-
Department of Consumer Affairs:										
Board of Accountancy	-	\$1,328	1,328	-	-	-	\$2,035	2,035	-	-
Board of Architectural Examiners	-	786	786	-	-	-	1,203	1,203	-	-
Athletic Commission	522	-	522	-	-	564	-	569	-	-
Bureau of Automotive Repair	-	3,537	3,537	-	-	-	3,966	3,989	-	-
Board of Barber Examiners	-	553	553	-	-	-	671	683	-	-
Board of Behavioral Science Examiners	-	399	399	-	-	-	525	536	-	-
Board of Behavioral Science Examiners	-	174	174	-	-	-	212	218	-	-
Cemetery Board	-	1,543	1,543	-	-	-	2,041	2,330	-	-
Bureau of Collection & Investigative Services	-	138	138	-	-	-	15,237	15,550	-	-
Board of Registered Construction Inspectors	-	13,228	13,228	-	-	-	1,933	2,333	-	-
Contractors' State License Board	-	1,711	1,711	-	-	-	1,900	2,125	-	-
Board of Cosmetology	-	1,587	1,587	-	-	-	913	928	-	-
Board of Dental Examiners	-	721	721	-	-	-	526	544	-	-
Bureau of Electronic and Appliance Repair	-	368	368	-	-	-	23	18	-	-
Bureau of Employment Agencies	-	15	15	-	-	-	630	648	-	-
Nurses Registry	-	527	527	-	-	-	505	500	-	-
Board of Fabric Care	-	360	360	-	-	-	-	-	-	-
Board of Federal Directors and Embalmers	-	-	-	-	-	-	-	-	-	-
Board of Registration for Geologists and Geo-physicists	-	125	125	-	-	-	149	153	-	-
Board of Guide Dogs for the Blind	13	-	13	-	-	23	23	25	-	-
Bureau of Home Furnishings	-	1,004	1,004	-	-	-	1,192	1,299	-	-
Board of Landscape Architects	-	177	177	-	-	-	268	287	-	-
Board of Medical Quality Assurance	-	9,845	9,845	-	-	-	11,556	12,482	-	-
Board of Examiners of Nursing Home Adminis-trators	-	192	192	-	-	-	229	246	-	-
Board of Optometry	-	221	221	-	-	-	279	285	-	-
Board of Pharmacy	-	1,466	1,466	-	-	-	1,739	1,752	-	-
Board of Registration for Professional Engineers	-	1,451	1,451	-	-	-	1,674	1,917	-	-
Board of Registered Nursing	-	2,653	2,653	-	-	-	3,196	3,544	-	-
Certified Shorthand Reporters Board	-	135	135	-	-	-	500	499	-	-
Structural Pest Control Board	-	1,350	1,350	-	-	-	1,720	1,799	-	-
Tax Preparers Program	-	156	156	-	-	-	484	502	-	-
Board of Examiners in Veterinary Medicine	-	344	344	-	-	-	-	-	-	-
Board of Vocational Nurse and Psychiatric Technician Examiners	-	1,511	1,511	-	-	-	1,864	1,953	-	-
Division of Consumer Services	1,192	-	1,192	-	\$31	1,471	-	1,400	-	-
Consumer Advisory Council	69	-	69	-	-	-	-	78	-	-
Totals, Department of Consumer Affairs	\$1,796	\$47,605	\$49,401	-	\$31	\$2,058	\$57,170	\$62,498	-	1,852
Department of Fair Employment and Housing	6,196	-	6,196	-	3,662	8,697	-	8,310	-	-
Fair Employment and Housing Commission	-	-	-	-	-	-	-	600	-	-
Office of the State Fire Marshal	-	4,337	4,337	-	-	4,058	-	4,234	-	-
Franchise Tax Board	87,350	-	87,350	-	-	83,025	-	87,911	-	-
Department of General Services	6,581	7,868	14,449	-	81	8,002	10,870	11,034	-	100
Intergovernmental Personnel Act Advisory Council	-	-	-	-	659	-	-	7,651	-	-
State Personnel Board	22,158	-	22,158	-	-	21,713	-	22,040	-	-
Public Employees' Retirement System	219	-	219	-	-	178	-	179	-	-
Department of Veterans Affairs:										
General Activities	2,382	-	2,382	-	-	2,219	-	2,202	-	-
Veterans' Home of California	16,480	-	16,480	-	6,184	17,276	-	17,842	-	-
Totals, Department of Veterans Affairs	\$18,862	-	\$18,862	-	\$6,184	\$19,495	-	\$20,044	-	8,693
TOTALS, STATE AND CONSUMER SERVICES	\$150,851	\$55,473	\$206,324	-	\$10,617	\$151,597	\$68,040	\$219,637	-	\$8,693
TOTALS, STATE AND CONSUMER SERVICES										\$10,645

TOTALS, STATE AND CONSUMER SERVICES

Schedule 3

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FISCAL YEARS 1980-81, 1981-82, AND 1982-83—Continued

(Figures in thousands)

	Actual 1980-81			Estimated 1981-82			Estimated 1982-83		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
BUSINESS, TRANSPORTATION, AND HOUSING									
Business:									
Solar Council	-	-	-	-	-	-	-	\$261	\$261
Solar Energy Conservation Mortgage Corp	-	-	-	-	-	-	-	240	240
Department of Alcoholic Beverage Control	\$13,473	-	\$13,473	\$13,904	-	\$13,904	\$13,811	-	13,811
Alcoholic Beverage Control Appeals Board	274	-	274	287	-	287	286	-	286
State Banking Department	-	\$5,260	5,260	-	\$6,298	6,298	-	6,385	6,385
Department of Corporations	8,128	-	8,128	-	-	-	7,847	-	7,847
Department of Economic and Business Development	6,136	1,200	7,336	7,504	-	7,504	7,457	-	7,457
Department of Housing and Community Development	13,730	1,252	14,982	8,705	2,818	11,523	6,326	2,884	9,210
Department of Insurance	9,399	472	9,871	10,347	509	10,856	10,630	534	11,164
Department of Real Estate	-	14,473	14,473	-	16,007	16,007	-	17,553	17,553
Department of Savings and Loan	-	6,397	6,397	-	7,358	7,358	-	4,666	4,666
Totals, Business	\$51,140	\$29,054	\$80,194	\$48,790	\$32,990	\$81,780	\$46,357	\$32,723	\$79,080
Transportation:									
California Transportation Commission	-	741	741	-	1,076	1,076	-	1,123	1,123
Special Transportation Programs	-	207	207	-	258	258	-	200	200
Department of Transportation	-	555,419	555,419	-	590,986	590,986	-	662,066	662,066
Office of Traffic Safety	-	196	196	-	368	368	-	225	225
Department of the California Highway Patrol	-	294,954	294,954	-	312,280	312,280	-	341,413	341,413
Department of Motor Vehicles	127	176,025	176,152	56	189,724	189,780	64	216,361	216,425
Traffic Adjudication Board	-	1,278	1,278	-	1,550	1,550	-	1,710	1,710
Traffic Consolidated Data Center	2,923	-	2,923	1,799	-	1,799	-	-	-
Totals, Transportation	\$3,050	\$1,028,820	\$1,031,870	\$1,855	\$1,096,242	\$1,098,097	\$64	\$1,223,098	\$1,223,162
TOTALS, BUSINESS, TRANSPORTATION, AND HOUSING	\$54,190	\$1,057,874	\$1,112,064	\$50,645	\$1,129,232	\$1,179,877	\$46,421	\$1,255,821	\$1,302,242
RESOURCES AGENCY	\$794	-	\$794	\$245	\$27	\$272	\$475	-	\$475
Special Resources Programs	-	-	-	-	-	-	-	-	-
State Assistance Fund for Energy, California Business and Industrial Development Corporation	-	-	-	2,500	750	3,250	-	-	-
Calif Alternative Energy Source Financing Authority	-	\$26	26	-	144	144	-	\$30	30
California Conservation Corps	23,243	2,551	25,794	27,133	1,028	28,161	34,973	1,048	36,021
Energy Resources Conservation and Development Commission	10,000	34,495	44,495	-	40,495	40,495	-	45,457	45,457
Renewable Resources Investment Program	-	43	43	-	740	740	-	5,949	5,949
Solid Waste Management Board	13,096	-159	12,937	9,866	-778	9,088	7,368	1,481	8,849
Air Resources Board	4,799	37,897	42,696	4,531	41,009	45,540	4,517	47,305	51,822
Colorado River Board of California	162	162	324	176	176	352	177	177	354
Department of Conservation	9,148	2,753	11,901	9,433	3,616	13,049	9,555	4,784	14,339
Department of Forestry	135,064	618	135,682	127,291	3,345	130,636	121,906	7,581	129,487
State Lands Commission	7,450	136	7,586	7,436	260	7,696	7,319	66	7,385
Seismic Safety Commission	505	505	1,010	742	250	992	633	633	1,266
Department of Fish and Game	5,216	39,031	44,247	5,096	46,768	51,864	5,180	51,966	57,146
Wildlife Conservation Board	-	296	296	-	414	414	-	456	456
Department of Boating and Waterways	270	270	540	5	50	55	269	269	538
California Coastal Commission	6,203	182	6,385	5,607	198	5,805	6,609	158	6,767
State Coastal Conservancy	-	-	-	-	50	50	-	-	-
Department of Parks and Recreation	66,257	7,331	73,588	71,515	10,173	81,688	77,975	12,526	90,501
Sanita Monica Mountains Conservancy	303	3	306	319	47	366	300	300	600
San Francisco Bay Conservation and Development Commission	776	776	1,552	849	849	1,698	989	989	1,978
Department of Water Resources	24,387	2,450	26,837	22,016	634	22,650	21,923	3,891	25,814
State Water Resources Control Board	13,978	-	13,978	14,934	-	14,934	14,363	-	14,363
TOTALS, RESOURCES AGENCY	\$321,651	\$127,653	\$449,304	\$309,956	\$149,220	\$459,176	\$314,531	\$182,698	\$497,229
									\$9,498
									\$34,940

Schedule 3

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1980-81, 1981-82, AND 1982-83—Continued
 (Figures in thousands)

	Actual 1980-81			Estimated 1981-82			Estimated 1982-83								
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds					
HEALTH AND WELFARE AGENCY															
State Council Developmental Disabilities.....	—	—	—	—	\$2,890	—	—	—	—	\$4,033	—	—	—	\$3,139	
Emergency Medical Services Authority.....	\$51	—	\$51	—	—	\$984	—	\$984	—	—	\$984	—	\$984	1,100	
Office Statewide Health Planning—Development..	1,460	\$2,228	3,688	—	3,079	1,066	\$2,177	3,243	3,678	2,581	1,425	\$2,253	3,678	2,482	
Department of Aging.....	1,864	—	1,864	—	74,186	5,756	200	5,956	5,923	82,164	5,923	—	5,923	74,964	
Commission on Aging.....	—	—	—	—	—	121	—	121	212	—	212	—	212	—	
Department of Alcohol and Drug Programs.....	6,364	—	6,364	—	2,330	6,891	—	6,891	7,354	2,754	7,354	—	7,354	2,764	
Governor's Advisory Committee on Child Care.....	108	—	108	—	—	126	—	126	133	—	133	—	133	—	
Department of Health Services.....	86,680	5,343	92,023	—	138,607	93,496	13,986	107,482	176	170,377	93,534	26,439	119,973	195,576	
Department of Developmental Services.....	15,607	—	15,607	—	—	15,537	115	15,652	176	17,468	17,292	—	17,468	—	
Department of Mental Health.....	85,356	—	85,356	—	677	96,476	—	96,476	958	958	103,886	—	103,886	403	
Employment Development Department.....	30,354	6,739	37,093	—	2,351,126	43,660	8,256	51,916	—	2,334,874	57,429	10,755	68,184	2,233,103	
Department of Rehabilitation.....	19,510	—	19,510	—	81,138	52,222	—	52,222	—	76,652	65,403	—	65,403	76,906	
Department of Social Services.....	47,238	2,267	49,505	—	75,261	51,755	—	51,755	—	95,090	53,377	—	53,377	105,726	
California Health Facilities Commission.....	—	—	—	—	—	—	2,733	2,733	—	—	—	3,339	3,339	—	
TOTALS, HEALTH AND WELFARE AGENCY	\$294,592	\$16,577	\$311,169	—	\$2,729,294	\$368,090	\$27,467	\$395,557	—	\$2,769,483	\$406,952	\$42,962	\$449,914	—	\$2,696,163
YOUTH AND ADULT CORRECTIONAL AGENCY															
Department of Corrections.....	\$361,908	—	\$361,908	—	\$182	\$425,995	—	\$425,995	—	\$279	\$475,272	\$1,600	\$476,872	—	\$153
Board of Corrections.....	410	\$376	786	—	—	563	\$1,199	1,762	—	—	346	—	346	—	—
Board of Prison Terms.....	5,385	—	5,385	—	—	5,806	—	5,806	—	—	5,948	—	5,948	—	—
Youthful Offender Parole Board.....	2,411	—	2,411	—	—	2,563	—	2,563	—	—	2,696	—	2,696	—	—
Department of the Youth Authority.....	156,549	—	156,549	—	561	172,563	—	172,563	—	491	179,433	—	179,433	—	360
Institutional Review Board.....	25	—	25	—	—	—	—	—	—	—	—	—	—	—	—
TOTALS, YOUTH AND ADULT CORRECTION-AL AGENCY	\$526,688	\$376	\$527,064	—	\$743	\$607,490	\$1,199	\$608,689	—	\$770	\$663,695	\$1,600	\$665,295	—	\$513
EDUCATION															
K through 12															
Department of Education.....	\$66,251	—	\$66,251	—	\$32,772	\$67,581	\$823	\$68,404	—	\$32,023	\$68,128	\$946	\$69,074	—	\$33,095
California Advisory Council on Vocational Education and Technical Training.....	104	—	104	—	189	98	—	98	—	208	102	—	102	—	208
California Occupational Information Coordinating Committee.....	—	—	—	—	158	—	—	—	—	295	—	—	—	—	43
Commission for Teacher Preparation and Licensing.....	—	\$3,376	3,376	—	39	—	3,566	3,566	—	22	—	4,028	4,028	—	—
TOTALS, K thru 12 Education	\$66,355	\$3,376	\$69,731	—	\$33,158	\$67,679	\$4,389	\$72,068	—	\$32,548	\$68,230	\$4,974	\$73,204	—	\$33,346
Higher Education:															
California Postsecondary Education Commission	2,154	4	2,158	—	965	2,399	2,399	2,399	—	97	2,472	—	2,472	—	3
University of California.....	1,074,584	16,294	1,090,878	—	1,454,705	1,098,987	17,229	1,116,216	—	1,552,544	1,150,880	18,396	1,169,276	—	1,657,828
Hastings College of Law.....	6,923	—	6,923	—	878	7,405	—	7,405	—	802	7,175	—	7,175	—	802
California State University and Colleges.....	952,052	3,871	955,923	—	89,451	963,453	6,797	970,250	—	94,270	986,889	9,820	996,709	—	84,960
California Maritime Academy.....	3,254	—	3,254	—	989	3,459	—	3,459	—	857	3,459	177	3,636	—	673
Board of Governors of California Community Colleges.....	3,342	424	3,766	—	—	3,543	637	4,180	—	52	3,550	711	4,261	—	74
Student Aid Commission.....	79,761	—	79,761	—	11,894	83,464	—	83,464	—	11,800	83,742	—	83,742	—	11,800
TOTALS, Higher Education.....	\$2,122,070	\$20,993	\$2,143,063	—	\$1,558,882	\$2,162,710	\$24,663	\$2,187,373	—	\$1,660,422	\$2,238,167	\$29,104	\$2,267,271	—	\$1,756,140
TOTALS, EDUCATION.....	\$2,188,425	\$23,969	\$2,212,394	—	\$1,592,040	\$2,230,389	\$29,052	\$2,259,441	—	\$1,692,970	\$2,306,397	\$34,078	\$2,340,475	—	\$1,789,486

Schedule 3

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND

FISCAL YEARS 1980-81, 1981-82, AND 1982-83—Continued

(Figures in thousands)

	Actual 1980-81			Estimated 1981-82			Estimated 1982-83		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
OTHER GOVERNMENTAL UNITS									
Civil and Criminal Justice									
Office of Criminal Justice Planning	\$2,469	\$35	\$2,504	\$3,158	\$369	\$3,527	\$2,341	\$414	\$2,755
Commission on Peace Officer Standards and Training	-	2,804	2,804	-	3,966	3,966	-	4,227	4,227
State Public Defender	6,323	-	6,323	7,632	-	7,632	7,677	-	7,677
Administration and Payment of Tort Liability Claims	1,588	1,055	2,643	1,500	75	1,575	500	-	500
Totals, Civil and Criminal Justice	\$10,380	\$3,894	\$14,274	\$12,290	\$4,410	\$16,700	\$10,518	\$4,641	\$15,159
Commerce									
Commission for Economic Development	304	-	304	327	-	327	336	-	336
Totals, Commerce	\$304	-	\$304	\$327	-	\$327	\$336	-	\$336
Cultural Development									
California Arts Council	10,110	-	10,110	9,601	-	9,601	9,405	-	9,405
Native American Heritage Commission	205	-	205	199	-	199	182	-	182
California Public Broadcasting Commission	781	-	781	1,995	100	2,095	2,293	350	2,643
Totals, Cultural Development	\$11,096	-	\$11,096	\$11,795	\$100	\$11,895	\$11,880	\$350	\$12,230
Labor									
Agricultural Labor Relations Board	7,890	-	7,890	9,239	-	9,239	9,355	-	9,355
Public Employment Relations Board	3,955	-	3,955	5,420	-	5,420	5,190	-	5,190
Department of Industrial Relations	73,803	-	73,803	74,515	-	74,515	58,082	-	58,082
Department of Personnel Administration	235	-	235	2,916	-	2,916	3,018	-	3,018
Workers Compensation Benefits	-	-	-	-	-	-	-	-	-
Uninsured Employers Fund	1,696	2,707	4,403	6,836	-	6,836	3,233	2,200	5,433
Subsequent Injuries	-	-	-	2,745	2,200	4,945	3,233	2,200	5,433
Totals, Workers Compensation Benefits	\$1,696	\$2,707	\$4,403	\$9,581	\$2,200	\$11,781	\$3,233	\$2,200	\$5,433
Totals, Labor	\$87,579	\$2,707	\$90,286	\$101,671	\$2,200	\$103,871	\$78,878	\$2,200	\$81,078
Regulatory									
Board of Chiropractic Examiners	-	426	426	-	411	411	-	448	448
Board of Osteopathic Examiners	-	212	212	-	223	223	-	255	255
Board of Pilot Commissioners	-	43	43	-	59	59	-	71	71
California Horse Racing Board	-	2,247	2,247	-	1,285	1,285	-	1,339	1,339
California Exposition and Fairs	8,566	265	8,831	8,907	265	9,172	9,204	265	9,469
Department of Food and Agriculture	33,624	30,388	64,012	48,343	32,448	80,791	38,954	30,450	69,404
Financial Assistance to Local Fairs	-	-	-	-	-	-	-	-	-
Fair Political Practices Commission	1,724	-	1,724	1,858	-	1,858	1,900	-	1,900
Public Reform Act of 1974	1,653	-	1,653	1,735	-	1,735	1,865	-	1,865
Public Utilities Commission	18,607	14,473	33,080	16,450	19,988	36,438	23,953	13,440	37,393
State Bar of California	22	-	22	24	-	24	24	-	24
Totals, Regulatory	\$64,196	\$48,054	\$112,250	\$77,317	\$54,679	\$131,996	\$75,900	\$46,268	\$122,168
General Administration									
Board of Control	698	-	698	886	-	886	665	-	665
Indemnification of Private Citizens	2,439	5,512	7,951	511	14,683	14,683	-	13,172	13,172
Commission on State Finance	270	-	270	-	-	-	513	-	513
California Information Systems Implementation Committee	54	-	54	57	-	57	58	-	58
Commission of the California	73	-	73	139	-	139	141	-	141
Commission on California State Government Organization and Economy	195	-	195	335	-	335	216	-	216
Membership for Council of Governments	79	-	79	79	-	79	128	-	128

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1980-81, 1981-82, AND 1982-83—Continued

(Figures in thousands)

[illegible]

LOCAL ASSISTANCE

LEGISLATIVE, JUDICIAL, AND EXECUTIVE

Executive:

TOTALS, EXECUTIVE:
Constitutional Offices:

Department of Justice

Department of Commerce
Secretary of State

Total Constitutional

TOTALS, CONSTITUTIONAL

**DIETALS, LEGISLATIVE/
EXECUTIVE**

EXECUTIVE.....

Schedule 3

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FISCAL YEARS 1980-81, 1981-82, AND 1982-83—Continued

(Figures in thousands)

	Actual 1980-81				Estimated 1981-82				Estimated 1982-83						
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
STATE AND CONSUMER SERVICES AGENCY															
Franchise Tax Board	-	\$1,861	\$1,861	-	-	\$5	\$7,060	7,060	-	-	-	\$16,959	16,959	-	-
Department of General Services	-	-	-	-	\$755	-	-	-	-	-	-	-	-	-	-
Intergovernmental Personnel Act Advisory Council	-	-	\$10,800	-	-	9,193	-	9,193	-	-	8,265	-	8,265	-	-
Public Employees' Retirement System	\$10,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Department of Veterans Affairs:															
General Activities	840	-	840	-	-	420	-	420	-	-	420	-	420	-	-
Totals, Department of Veterans Affairs	\$840	-	\$840	-	-	\$420	-	\$420	-	-	\$420	-	\$420	-	-
TOTALS, STATE AND CONSUMER SERVICES AGENCY	\$11,640	\$1,861	\$13,501	-	\$755	\$9,618	\$7,060	\$16,678	-	-	\$8,690	\$16,959	\$25,649	-	-
BUSINESS/TRANSPORTATION/AND HOUSING															
Business:															
Department of Corporations	\$1	-	\$1	-	-	\$4	-	\$4	-	-	\$4	-	\$4	-	-
Department of Economic and Business Development	625	\$1,075	1,700	-	\$684	325	-	325	-	\$678	325	-	325	-	-
Department of Housing and Community Development	14,998	-	14,998	-	6,312	4,155	-	4,155	-	12,415	7,845	-	7,845	-	\$36,390
Totals, Business	\$15,624	\$1,075	\$16,699	-	\$6,996	\$4,484	-	\$4,484	-	\$13,093	\$8,174	-	\$8,174	-	\$36,390
Transportation:															
California Transportation Commission	-	\$740	\$740	-	-	-	66,756	66,756	-	-	-	\$4,260	\$4,260	-	-
Special Transportation Programs	-	82,309	82,309	-	-	-	-	-	-	-	-	74,488	74,488	-	-
Department of Transportation:															
Transportation Planning Program	-	\$2,018	\$2,018	-	\$4,153	-	\$2,032	\$2,032	-	\$4,000	-	\$2,032	\$2,032	-	\$4,000
Mass Transportation Program	-	107,492	107,492	-	-	-	126,571	126,571	-	180	-	122,900	122,900	-	120
Aeronautics Program	-	5,173	5,173	-	-	-	5,492	5,492	-	-	-	5,925	5,925	-	-
Highway Transportation Program	-	35,972	35,972	-	153,870	-	28,301	28,301	-	229,200	-	26,805	26,805	-	185,100
Totals, Department of Transportation	-	\$150,655	\$150,655	-	\$158,023	-	\$162,396	\$162,396	-	\$233,380	-	\$157,662	\$157,662	-	\$189,220
Office of Traffic Safety	-	-	-	-	9,000	-	-	-	-	9,566	-	-	-	-	\$5,640
Totals, Transportation	-	\$233,704	\$233,704	-	\$167,023	-	\$229,152	\$229,152	-	\$242,946	-	\$236,410	\$236,410	-	\$194,860
TOTALS, BUSINESS/TRANSPORTATION/HOUSING	\$15,624	\$234,779	\$250,403	-	\$174,019	\$4,484	\$229,152	\$233,636	-	\$256,039	\$8,174	\$236,410	\$244,584	-	\$231,250
RESOURCES AGENCY															
Special Resources Programs	-	-	-	-	-	\$165	\$135	\$300	-	-	\$165	-	\$165	-	-
California Tahoe Regional Planning Agency	\$416	-	\$416	-	-	408	-	408	-	-	350	-	350	-	-
Energy Resources Conservation and Development Commission	-	-	-	-	-	-	391	391	-	-	-	\$8,900	8,900	-	-
Air Resources Board	4,002	\$3,311	7,313	-	-	4,033	3,311	7,344	-	-	873	695	1,568	-	-
Humboldt Bay Fund	51	-	51	-	-	50	-	50	-	-	50	-	50	-	-
Department of Boating and Waterways	-	10,082	10,082	-	-	-	10,605	10,605	-	-	-	8,385	8,385	-	-
California Coastal Commission	756	-	756	-	\$3,378	1,258	-	1,258	-	\$1,800	980	-	980	-	\$720
State Coastal Conservancy	-	-	-	-	-	2,342	2,342	2,342	-	59,000	-	500	500	-	\$15,100
Department of Parks and Recreation	10,437	4,867	15,304	\$11,935	18,776	3,818	19,569	23,387	98,096	7,466	-	12,500	12,500	16,247	343
San Francisco Bay Conservation and Development Commission	23	-	23	-	-	31	-	31	-	-	28	-	28	-	-
Department of Water Resources	5,000	-	5,000	27,656	-	4,000	1,335	5,335	36,000	-	4,000	1,334	5,334	25,000	-
State Water Resources Control Board	-	-	-	52,073	-	-	1,504	1,504	65,500	-	-	518	518	90,000	-
TOTALS, RESOURCES AGENCY	\$20,685	\$18,260	\$38,945	\$91,664	\$22,154	\$13,763	\$38,992	\$52,755	\$208,596	\$9,266	\$6,446	\$32,832	\$39,278	\$146,347	\$1,063
HEALTH AND WELFARE AGENCY															
Office of Statewide Health Planning and Development	\$5,648	-	\$5,648	-	-	\$4,812	-	\$4,812	-	-	\$3,092	-	\$3,092	-	-
Department of Alcohol and Drug Programs	\$33,839	-	\$33,839	-	\$4,498	\$32,223	-	\$32,223	-	\$5,108	\$33,834	-	\$33,834	-	\$11,168
Drug Abuse Program	28,168	-	28,168	-	23,629	29,206	-	29,206	-	25,925	31,040	-	31,040	-	19,716
Totals, Department of Alcohol and Drug Programs	\$62,007	-	\$62,007	-	\$28,127	\$61,429	-	\$61,429	-	\$31,033	\$64,874	-	\$64,874	-	\$30,884

* Dollars in thousands

Schedule 3

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1980-81, 1981-82, AND 1982-83—Continued

(Figures in thousands)

	Actual 1980-81				Estimated 1981-82				Estimated 1982-83			
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds
Department of Health Services												
Medical Assistance Program	\$2,423,613	-	\$2,423,613	-	\$1,861,999	\$2,716,383	-	\$2,716,383	-	\$2,136,487	\$2,688,439	-
Public Health Services for Local Agencies	369,598	\$24,927	394,525	-	9,730	422,825	-	422,825	-	10,515	408,883	-
California Children Services	34,413	-	34,413	-	4,861	34,107	-	34,107	-	4,704	36,780	-
Legislative Mandates	151	-	151	-	-	6	-	6	-	-	6	-
Special Adjustment—Cost of Living	-	-	-	-	-	-	-	-	-	-	\$107,919	-
Totals, Department of Health Services	\$2,827,775	\$24,927	\$2,852,702	-	\$1,876,590	\$3,173,321	-	\$3,173,321	-	\$2,151,706	\$3,242,027	-
Department of Developmental Services	513,155	451	513,606	-	818	521,234	3,486	524,720	-	842	543,755	2,857
Department of Mental Health	478,546	3,000	481,546	-	45	493,863	-	493,863	-	-	514,121	-
Department of Social Services												
SSI-SSP Grants	\$1,285,533	-	\$1,285,533	-	-	\$1,268,867	-	\$1,268,867	-	-	\$1,039,316	-
Payments for Children	1,214,878	-	1,214,878	-	\$1,301,697	1,364,814	-	1,364,814	-	\$1,401,272	1,293,750	-
Special Adult Programs	5,909	-	5,909	-	141,214	2,733	-	2,733	-	89	2,740	-
Social Service Programs	197,720	-	197,720	-	367,379	169,224	-	169,224	-	319,940	178,022	-
Refugee Programs	-	-	-	-	-	-	-	-	-	199,439	-	-
Community Care Licensing	-	-	-	-	-	8,756	-	8,756	-	-	8,403	-
County Administration	106,028	-	106,028	-	294,461	118,958	-	118,958	-	316,994	110,973	-
Local Mandates	8,513	-	8,513	-	-	74	-	74	-	-	114	-
Special Adjustment—Cost of Living	-	-	-	-	-	-	-	-	-	-	459,947	-
Totals, Department of Social Services	\$2,818,581	-	\$2,818,581	-	\$2,104,751	\$2,933,426	-	\$2,933,426	-	\$2,237,734	\$3,093,265	-
TOTALS, HEALTH AND WELFARE AGENCY	\$6,705,712	\$28,378	\$6,734,090	-	\$4,010,331	\$7,188,085	\$3,486	\$7,191,571	-	\$4,421,315	\$7,461,134	\$2,857
YOUTH AND ADULT CORRECTIONAL AGENCY												
Department of Corrections	\$8,791	-	\$8,791	-	-	\$7,666	-	\$7,666	-	-	\$6,888	-
Board of Corrections	-	\$2,415	2,415	-	-	39,769	\$5,101	44,870	-	-	4,244	-
Department of Youth Authority:												
Transportation of Wards	\$44	-	\$44	-	-	\$47	-	\$47	-	-	\$50	-
Delinquency Prevention	1,474	-	1,474	-	-	1,533	-	1,533	-	-	1,500	-
Assistance to Counties for Detention of Youth	84	-	84	-	-	214	-	214	-	-	214	-
County Justice Subvention Program	63,369	-	63,369	-	-	63,370	-	63,370	-	-	63,370	-
Legislative Mandates	-	-	-	-	-	9,000	-	9,000	-	-	-	-
Special Adjustment—Cost of Living	-	-	-	-	-	-	-	-	-	-	3,170	-
Totals, Department of Youth Authority	\$64,971	-	\$64,971	-	-	\$74,164	-	\$74,164	-	-	\$68,304	-
TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY	\$73,762	\$2,415	\$76,177	-	-	\$121,599	\$5,101	\$126,700	-	-	\$75,192	\$4,244
EDUCATION												
K through 12:												
Department of Education	\$5,811,581	\$24,111	\$5,835,692	-	\$6,987	\$5,877,026	\$47,910	\$5,924,936	-	\$9,332	\$5,276,216	\$15,710
Apportionments for School Districts—K-12 ¹	-	-	-	-	-	-	-	-	-	-	122,626	-
Apportionments for County Offices—K-12	-	-	-	-	-	-	-	-	-	-	161,725	-
Apportionments for Transportation	-	-	-	-	-	-	-	-	-	-	128,726	-
Federal and Court Mandates	-	-	-	-	-	-	-	-	-	-	162,695	-
School Improvement Programs	152,419	-	152,419	-	-	162,695	-	162,695	-	-	14,386	-
Staff Development	2,374	-	2,374	-	-	3,385	-	3,385	-	-	171,737	-
Economic Impact Aid	161,470	-	161,470	-	-	171,737	-	171,737	-	-	67,103	-
Urban Impact Aid	63,372	-	63,372	-	-	58,003	-	58,003	-	-	-	-
ESEA Title I	-	-	-	-	299,060	-	-	-	-	252,773	-	-
ESEA Title IVB	-	-	-	-	15,356	-	-	-	-	14,619	-	-
Other Compensatory Education	4,604	-	4,604	-	49,590	4,308	-	4,308	-	63,709	4,308	-
Program Evaluation, Research Assessment	-	-	-	-	436	-	-	-	-	202	-	-
Special Elementary School Reading Program	15,266	-	15,266	-	-	16,182	-	16,182	-	-	16,182	-
Native American Indian Education Program	300	-	300	-	-	318	-	318	-	-	677,080	-
Special Education	639,493	-	639,493	-	96,304	707,080	-	707,080	-	94,079	-	-
Special Bilingual Programs	2,246	-	2,246	-	6,820	-	-	-	-	47	-	-
Adult Education	-	-	-	-	-	-	-	-	-	-	159,800	-
Vocational Education	-	-	-	-	60,514	-	-	-	-	67,454	25	-
Driver Training	452	-	452	-	-	-	17,844	17,844	-	-	17,844	-
TOTALS, EDUCATION	\$5,811,581	\$24,111	\$5,835,692	-	\$6,987	\$5,877,026	\$47,910	\$5,924,936	-	\$9,332	\$5,276,216	\$15,710
EDUCATION K through 12:												
Apportionments for School Districts—K-12 ¹	-	-	-	-	-	-	-	-	-	-	122,626	-
Apportionments for County Offices—K-12	-	-	-	-	-	-	-	-	-	-	161,725	-
Apportionments for Transportation	-	-	-	-	-	-	-	-	-	-	128,726	-
Federal and Court Mandates	-	-	-	-	-	-	-	-	-	-	162,695	-
School Improvement Programs	152,419	-	152,419	-	-	162,695	-	162,695	-	-	14,386	-
Staff Development	2,374	-	2,374	-	-	3,385	-	3,385	-	-	171,737	-
Economic Impact Aid	161,470	-	161,470	-	-	171,737	-	171,737	-	-	67,103	-
Urban Impact Aid	63,372	-	63,372	-	-	58,003	-	58,003	-	-	-	-
ESEA Title I	-	-	-	-	299,060	-	-	-	-	252,773	-	-
ESEA Title IVB	-	-	-	-	15,356	-	-	-	-	14,619	-	-
Other Compensatory Education	4,604	-	4,604	-	49,590	4,308	-	4,308	-	63,709	4,308	-
Program Evaluation, Research Assessment	-	-	-	-	436	-	-	-	-	202	-	-
Special Elementary School Reading Program	15,266	-	15,266	-	-	16,182	-	16,182	-	-	16,182	-
Native American Indian Education Program	300	-	300	-	-	318	-	318	-	-	677,080	-
Special Education	639,493	-	639,493	-	96,304	707,080	-	707,080	-	94,079	-	-
Special Bilingual Programs	2,246	-	2,246	-	6,820	-	-	-	-	47	-	-
Adult Education	-	-	-	-	-	-	-	-	-	-	159,800	-
Vocational Education	-	-	-	-	60,514	-	-	-	-	67,454	25	-
Driver Training	452	-	452	-	-	-	17,844	17,844	-	-	17,844	-
TOTALS, EDUCATION	\$5,811,581	\$24,111	\$5,835,692	-	\$6,987	\$5,877,026	\$47,910	\$5,924,936	-	\$9,332	\$5,276,216	\$15,710
EDUCATION K through 12:												
Apportionments for School Districts—K-12 ¹	-	-	-	-	-	-	-	-	-	-	122,626	-
Apportionments for County Offices—K-12	-	-	-	-	-	-	-	-	-	-	161,725	-
Apportionments for Transportation	-	-	-	-	-	-	-	-	-	-	128,726	-
Federal and Court Mandates	-	-	-	-	-	-	-	-	-	-	162,695	-
School Improvement Programs	152,419	-	152,419	-	-	162,695	-	162,695	-	-	14,386	-
Staff Development	2,374	-	2,374	-	-	3,385	-	3,385	-	-	171,737	-
Economic Impact Aid	161,470	-	161,470	-	-	171,737	-	171,737	-	-	67,103	-
Urban Impact Aid	63,372	-	63,372	-	-	58,003	-	58,003	-	-	-	-
ESEA Title I	-	-	-	-	299,060	-	-	-	-	252,773	-	-
ESEA Title IVB	-	-	-	-	15,356	-	-	-	-	14,619	-	-
Other Compensatory Education	4,604	-	4,604	-	49,590	4,308	-	4,308	-	63,709	4,308	-
Program Evaluation, Research Assessment	-	-	-	-	436	-	-	-	-	202	-	-
Special Elementary School Reading Program	15,266	-	15,266	-	-	16,182	-	16,182	-	-	16,182	-
Native American Indian Education Program	300	-	300	-	-	318	-	318	-	-	677,080	-
Special Education	639,493	-	639,493	-	96,304	707,080	-	707,080	-	94,079	-	-
Special Bilingual Programs	2,246	-	2,246	-	6,820	-	-	-	-	47	-	-
Adult Education	-	-	-	-	-	-	-	-	-	-	159,800	-
Vocational Education	-	-	-	-	60,514	-	-	-	-	67,454	25	-
Driver Training	452	-	452	-	-	-	17,844	17,844	-	-	17,844	-
TOTALS, EDUCATION	\$5,811,581	\$24,111	\$5,835,692	-	\$6,987	\$5,877,026	\$47,910	\$5,924,936	-	\$9,332	\$5,276,216	\$15,710
EDUCATION K through 12:												
Apportionments for School Districts—K-12 ¹	-	-	-	-	-	-	-	-	-	-	122,626	-
Apportionments for County Offices—K-12	-	-	-	-	-	-	-	-	-	-	161,725	-
Apportionments for Transportation	-	-	-	-	-	-	-	-	-	-	128,726	-
Federal and Court Mandates	-	-	-	-	-	-	-	-	-	-	162,695	-
School Improvement Programs	152,419	-	152,419	-	-	162,695	-	162,695	-	-	14,386	-
Staff Development	2,374	-	2,374	-	-	3,385	-	3,385	-	-	171,737	-
Economic Impact Aid	161,470	-	161,470	-	-	171,737	-	171,737	-	-	67,103	-
Urban Impact Aid	63,372	-	63,372	-	-	58,003	-	58,003	-	-	-	-
ESEA Title I	-	-	-	-	299,060	-	-	-	-	252,773	-	-
ESEA Title IVB	-	-	-	-	15,356	-	-	-	-	14,619	-	-
Other Compensatory Education	4,604	-	4,604	-	49,590	4,308	-	4,308	-	63,709	4,308	-
Program Evaluation, Research Assessment	-	-	-	-	436	-	-	-	-	202	-	-
Special Elementary School Reading Program	15,266	-	15,266	-	-	16,182	-	16,182	-	-	16,182	-
Native American Indian Education Program	300	-	300	-	-	318	-	318	-	-	677,080	-
Special Education	639,493	-	639,493	-	96,304	707,080	-	707,080	-	94,079	-	-
Special Bilingual Programs	2,246	-	2,246	-	6,820	-	-	-	-	47	-	-
Adult Education	-	-	-	-	-	-	-	-	-	-	159,800	-
Vocational Education	-	-	-	-	60,514	-	-	-	-	67,454	25	-
Driver Training	452	-	452	-	-	-	17,844	17,844	-	-	17,844	-
TOTALS, EDUCATION	\$5,811,581	\$24,111	\$5,835,692	-	\$6,987	\$5,877,026	\$47,910	\$5,924,936	-	\$9,332	\$5,276,216	\$15,710
EDUCATION K through 12:												
Apportionments for School Districts—K-12 ¹	-	-	-	-	-	-	-	-	-	-	122,626	-
Apportionments for County Offices—K-12	-	-										

Schedule 3

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FISCAL YEARS 1980-81, 1981-82, AND 1982-83—Continued

(Figures in thousands)

	Actual 1980-81				Estimated 1981-82				Estimated 1982-83			
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds
Curriculum Services	1,110	500	1,610	-	1,081	1,070	500	1,570	-	1,538	1,070	-
Federal Information Services	-	-	-	-	13,758	-	-	-	-	19,398	-	-
Instructional Materials	42,685	-	42,685	-	-	40,205	-	40,205	-	40,915	40,915	-
Instructional Improvement	-	-	-	-	-	-	-	-	-	8,600	-	-
Child Development	178,203	30	178,233	-	827	249,381	1,717	250,998	-	1,957	248,546	-
Child Nutrition	33,808	-	33,808	-	318,407	25,390	-	25,390	-	296,706	25,390	-
Loans to School Districts	186	-	186	-	-	346	-	346	-	-	346	-
Library Services	5,226	-	5,226	-	4,669	-	-	5,520	-	5,520	-	-
Legislative Mandates	43,121	-	43,121	-	-	22,667	-	22,667	-	14,992	14,992	-
Federal Education Block Grant	-	-	-	-	-	-	-	-	-	-	-	-
Special Adjustment—Cost of Living	-	-	-	-	-	-	-	-	-	-	-	-
Totals, Department of Education	\$7,157,544	\$24,641	\$7,182,185	-	\$873,829	\$7,344,521	\$67,971	\$7,412,492	-	\$826,480	\$7,925,188	\$34,054
Contributions to Teachers' Retirement Fund	222,206	-	222,206	-	-	235,491	-	235,491	-	258,610	258,610	-
State School Building Safety Program	-	-860	-860	-	-	-	-683	-683	-	-725	-	-
School Facilities Aid Program	61,509	24,789	86,298	-	-	131,344	73,104	204,448	-	98,118	-	-
Debt Service Public School Building Bonds	-61,509	1,553	-59,956	-	-	-70,344	1,593	-68,951	-	1,619	-82,879	-
Totals, K thru 12	\$7,379,750	\$50,123	\$7,429,873	-	\$873,829	\$7,640,812	\$141,985	\$7,782,797	-	\$826,480	\$8,100,919	\$133,066
Higher Education:												
Board of Governors of Community Colleges	\$1,065,946	\$2,633	\$1,068,579	-	-	\$1,053,558	\$2,633	\$1,056,191	-	-	\$1,148,813	\$2,633
Appointments for Community Colleges	68	-	68	-	-	68	-	68	-	-	68	-
Partial State Support—Academic Senate	-	-	-	-	-	-	-	-	-	-	-	-
Community Colleges Extended Opportunity Program	23,189	-	23,189	-	-	24,467	-	24,467	-	-	25,586	-
Instructional Improvement	760	-	760	-	-	760	-	760	-	-	3,260	-
Deferred Maintenance and Special Repairs	-	-	-	-	-	-	-	-	-	-	-	-
Student Affirmative Action	222	-	222	-	-	-	-	-	-	-	6,000	-
Totals, Board of Governors of Community Colleges	\$1,090,185	\$2,633	\$1,092,818	-	-	\$1,078,853	\$2,633	\$1,081,486	-	-	\$1,177,727	\$8,633
TOTALS, EDUCATION	\$8,469,935	\$52,756	\$8,522,691	-	\$873,829	\$8,719,665	\$144,618	\$8,864,283	-	\$826,480	\$9,278,646	\$141,699
OTHER GOVERNMENTAL UNITS												
Civil and Criminal Justice:												
Office of Criminal Justice Planning	\$4,337	\$2,950	\$7,287	-	\$24,685	\$9,043	\$3,670	\$12,713	-	\$15,952	\$7,612	\$4,620
Commission on Peace Officer Standards and Training	-	16,054	16,054	-	-	-	15,420	15,420	-	-	-	18,412
Assistance to Counties for Defense of Indigents	1,566	-	1,566	-	-	1,775	-	1,775	-	-	1,775	-
Subventions for Guardianship/Conservatorship Proceedings	1,836	-	1,836	-	-	3,681	-	3,681	-	-	3,250	-
Payments to Counties for Costs of Homicide Trials	1,121	-	1,121	-	-	1,884	-	1,884	-	-	100	-
Totals, Civil and Criminal Justice	\$8,860	\$19,004	\$27,864	-	\$24,685	\$16,383	\$19,090	\$35,473	-	\$15,952	\$17,737	\$23,032
Cultural Development:												
California Arts Council	-	-	-	-	-	2,150	-	2,150	-	-	2,150	-
Labor:												
Department of Industrial Relations	14,367	-	14,367	-	-	20,000	-	20,000	-	-	20,000	-
Disaster Service Workers	226	-	226	-	-	518	-	518	-	-	590	-
Totals, Labor	\$14,593	-	\$14,593	-	-	\$20,518	-	\$20,518	-	-	\$20,590	-
Regulatory:												
Department of Food and Agriculture	2,883	24,732	27,615	-	-	6,738	6,719	13,457	-	7,101	9,853	7,101
Financial Assistance to Local Fairs	-	-	-	-	-	-5	15,899	15,894	-	-	15,505	-
Totals, Regulatory	\$2,883	\$24,732	\$27,615	-	-	\$6,733	\$22,618	\$29,351	-	\$32,454	\$9,848	\$22,606
General Administration:												
Board of Control	767	-	767	-	-	-	-	-	-	-	-	-
Identification of Private Citizens	52	-	52	-	-	-	100	100	-	-	-	-
Totals, General Administration	\$819	-	\$819	-	-	-	\$100	\$100	-	-	-	\$100
TOTALS, OTHER GOVERNMENTAL UNITS	\$27,155	\$43,736	\$70,891	-	\$24,685	\$45,784	\$41,808	\$87,592	-	\$15,952	\$45,325	\$45,738
TOTALS	\$10,758	\$10,758	\$10,758	-	\$10,758	\$10,758	\$10,758	\$10,758	-	\$10,758	\$10,758	\$10,758

³ Apportionment figures include county offices, transportation, federal and court mandates, adult education, and general aid (EC 54061) for the 1980-81 and 1981-82 fiscal years. For 1982-83 these programs are identified separately.

* Dollars in thousands

Schedule 3

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FISCAL YEARS 1980-81, 1981-82, AND 1982-83—Continued

(Figures in thousands)

	Actual 1980-81				Estimated 1981-82				Estimated 1982-83						
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
OTHER GOVERNMENTAL SERVICES															
Tax Relief:															
Senior Citizens Property Tax Assistance	\$18,985	-	\$18,985	-	-	\$15,000	-	\$15,000	-	-	\$14,000	-	\$14,000	-	-
Senior Citizens Property Tax Deferral Program	4,150	-	4,150	-	-	5,046	-	5,046	-	-	6,093	-	6,093	-	-
Senior Citizens Renters' Tax Assistance	49,577	-	49,577	-	-	48,000	-	48,000	-	-	46,000	-	46,000	-	-
Personal Property Tax Relief	496,777	-	496,777	-	-	467,268	-	467,268	-	-	537,206	-	537,206	-	-
Homeowners' Property Tax Relief	333,657	-	333,657	-	-	335,000	-	335,000	-	-	338,000	-	338,000	-	-
Subventions for Open Space	13,235	-	13,235	-	-	14,000	-	14,000	-	-	13,000	-	13,000	-	-
Payment to Local Government Sales Property Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Revenue Loss	3,519	-	3,519	-	-	3,046	-	3,046	-	-	3,292	-	3,292	-	-
Renters' Tax Relief	406,813	-	406,813	-	-	425,000	-	425,000	-	-	440,000	-	440,000	-	-
Alternate Energy Tax Credit Refund	10,868	-	10,868	-	-	25,000	-	25,000	-	-	72	-	72	-	-
Substandard Housing	125	-	125	-	-	54	-	54	-	-	-	-	-	-	-
Proposition 13 Fiscal Relief Local Government	-	-	-	-	-	-9,800	-	-9,800	-	-	-	-	-	-	-
Totals, Tax Relief	\$1,337,706	-	\$1,337,706	-	-	\$1,327,614	-	\$1,327,614	-	-	\$1,397,663	-	\$1,397,663	-	-
Revenue Distributions:															
Shared Revenues:															
Apportionment Liquor License Fees	-	14,694	14,694	-	-	-	-	-	-	-	-	-	-	-	-
Apportionment Highway Property Rental Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Apportionment Off Highway License Fees	-	522	522	-	-	7,200	-	7,200	-	-	2,000	-	2,000	-	-
Apportionment Federal Receipts Flood Control	-	-	-	-	232	610	-	610	-	-	660	-	660	-	250
Apportionment Federal Receipts Forest Reserves	-	-	-	-	37,551	-	-	-	-	-	-	-	-	-	44,825
Apportionment Federal Receipts Grazing Land	-	-	-	-	218	-	-	-	-	-	-	-	-	-	249
Apportionment Federal Potash Lease Rentals ..	-	-	-	-	2,792	-	-	-	-	-	-	-	-	-	3,400
Apportionment Motor Vehicle License Fee	-	692,326	692,326	-	-	534,000	-	534,000	-	-	290,000	-	290,000	-	-
Apportionment Cigarette Tax	-	84,334	84,334	-	-	85,860	-	85,860	-	-	87,960	-	87,960	-	-
Apportionment Highway Carriers Uniform	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business Tax	392	4,340	4,340	-	-	425	-	425	-	-	450	-	450	-	-
Apportionment Tideland Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Apportionment for County Roads	-	168,489	168,489	-	-	167,530	-	167,530	-	-	206,200	-	206,200	-	-
Apportionment for City Streets	-	74,834	74,834	-	-	73,800	-	73,800	-	-	132,250	-	132,250	-	-
Apportionment County Road and City Street	-	107,951	107,951	-	-	106,690	-	106,690	-	-	105,740	-	105,740	-	-
Financial Aid to Local Agencies	29,000	-	29,000	-	-	-	-	-	-	-	-	-	-	-	-
Apportionment of Geothermal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Development	-	994	994	-	-	7,932	-	7,932	-	-	960	-	960	-	-
Totals, Shared Revenues	\$29,392	\$1,148,484	\$1,177,876	-	\$-2,793	\$425	\$983,622	\$984,047	-	\$44,610	\$450	\$825,770	\$826,220	-	\$48,724
Totals, Revenue Distributions	\$29,392	\$1,148,484	\$1,177,876	-	\$40,793	\$425	\$983,622	\$984,047	-	\$44,610	\$450	\$825,770	\$826,220	-	\$48,724
Unclassified:															
State Mandated Local Programs	944	-	944	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated:															
Augmentation for Mediterranean Fruitfly Eradication Program	-	477	477	-	-	-	-	-	-	-	-	-	-	-	-
Savings:															
Estimated Unidentifiable Savings	-	-	-	-	-	-80,000	-	-80,000	-	-	-100,000	-	-113,747	-	-
TOTALS, OTHER GOVERNMENTAL SERVICES	\$1,368,042	\$1,148,961	\$2,517,003	-	\$40,793	\$1,248,039	\$983,622	\$2,231,661	-	\$44,610	\$1,298,113	\$812,023	\$2,110,136	-	\$48,724
TOTALS, LOCAL ASSISTANCE	\$16,770,267	\$1,518,949	\$18,289,216	\$91,664	\$5,237,068	\$17,407,569	\$1,464,339	\$18,871,908	\$208,596	\$5,665,562	\$18,241,258	\$1,300,962	\$19,542,220	\$146,347	\$5,761,399
CAPITAL OUTLAY															
LEGISLATIVE/JUDICIAL/EXECUTIVE															
Legislative:															
Legislature:															
Joint Expenses	\$8,029	\$3,634	\$11,663	-	-	-	\$15,927	\$15,927	-	-	-	-	-	-	-
Judicial:															
Judiciary	600	75	675	-	-	-	350	350	-	-	-	-	-	-	-
Constitutional Offices:															
Office of the Lieutenant Governor	-	27	27	-	-	-	-	-	-	-	-	-	-	-	-

• Dollars in thousands

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1980-81, 1981-82, AND 1982-83—Continued

	Actual 1980-81				Estimated 1981-82				Estimated 1982-83						
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
Department of Justice.....	-	5	5	-	-	-	\$4	\$4	-	-	-	-	-	-	-
State Controller	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State Board of Equalization	-	-	-	-	-	-	19	\$19	-	-	-	-	-	-	-
Secretary of State	-	20	20	-	-	-	-	-	-	-	-	-	-	-	-
Totals, Constitutional Offices.....	-	\$52	\$52	-	-	-	\$23	\$23	-	-	-	-	-	-	-
TOTALS, LEGISLATIVE/JUDICIAL/EXECUTIVE.....	\$8,629	\$3,761	\$12,390	-	-	-	\$16,300	\$16,300	-	-	-	-	-	-	-
STATE AND CONSUMER SERVICES AGENCY	-	\$119	\$119	-	-	-	\$345	\$345	-	-	-	\$7,244	\$7,244	-	-
Museum of Science and Industry	-	14	14	-	-	-	96	96	-	-	-	-	-	-	-
Franchise Tax Board	\$4,194	50,147	54,341	-	\$1,538	\$1,036	13,608	14,644	-	-	-	14,289	14,289	-	-
Department of General Services	-	13	13	-	-	-	-	-	-	-	-	-	-	-	-
State Personnel Board.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Department of Veterans Affairs	-	104	104	-	-	-	-	-	-	-	-	-	-	-	-
General Activities	-	235	235	-	-	-	1,036	1,036	-	-	-	7,580	7,580	-	-
Totals, Department of Veterans Affairs	-	\$339	\$339	-	-	-	\$1,036	\$1,036	-	-	-	\$7,580	\$7,580	-	-
TOTALS, STATE AND CONSUMER SERVICES AGENCY	\$4,194	\$50,632	\$54,826	-	\$1,538	\$1,036	\$15,085	\$16,121	-	-	-	\$29,113	\$29,113	-	-
BUSINESS, TRANSPORTATION, AND HOUSING	-	\$765	\$765	-	-	-	\$291	\$291	-	-	-	\$393	\$393	-	-
California Transportation Commission.....	-	\$96,711	\$96,711	-	\$324,617	-	\$190,183	\$190,183	-	\$507,861	-	\$195,774	\$195,774	-	\$617,375
Department of Transportation	-	4,198	4,198	-	-	-	1,188	1,188	-	-	-	8,083	8,083	-	-
Department of the California Highway Patrol	-	7,236	7,236	-	-	-	1,887	1,887	-	-	-	6,009	6,009	-	-
Department of Motor Vehicles	-	\$108,145	\$108,145	-	\$324,617	-	\$193,258	\$193,258	-	\$507,861	-	\$209,866	\$209,866	-	\$617,375
Totals, Transportation	-	\$108,145	\$108,145	-	\$324,617	-	\$193,258	\$193,258	-	\$507,861	-	\$209,866	\$209,866	-	\$617,375
TOTALS, BUSINESS, TRANSPORTATION, AND HOUSING.....	-	\$108,145	\$108,145	-	\$324,617	-	\$193,258	\$193,258	-	\$507,861	-	\$209,866	\$209,866	-	\$617,375
RESOURCES AGENCY	-	\$765	\$765	-	-	-	\$291	\$291	-	-	-	\$393	\$393	-	-
California Cooservation Corps.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Energy Resources Conservation and Development Commission	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Department of Forestry	\$262	2,499	2,761	-	-	\$325	697	1,022	-	-	-	833	833	-	-
State Lands Commission	-	3,107	3,103	-	-	894	5,122	6,016	-	-	-	1,000	1,000	-	-
Department of Fish and Game	-4	1,839	1,839	1,841	-	-	6,948	6,948	-	-	-	6,648	6,648	-	-
Wildlife Conservation Board	-	-	-	1,562	-	-	-	-	8,083	-	-	5,700	5,700	-	-
Department of Boating and Waterways	-	500	500	-	-	-	80	80	714	-	-	78	78	369	-
State Coastal Conservancy	-	27,446	27,457	41,787	2,491	-	70,997	70,997	2,000	2,987	-	22,913	22,913	3,000	-
Department of Parks and Recreation	11	848	1,011	2,056	-	-	520	520	106,135	523	-	22,913	22,913	44,968	-
California Exposition and State Fair	163	1,000	1,000	-	-	-	-	-	4,000	-	-	5,492	5,492	-	-
Santa Monica Mountains Conservancy	-	26,238	31,010	116	-	161	28,191	28,352	-	2,402	-	19,926	19,926	3,765	-
Department of Water Resources	2,772	\$66,242	\$69,446	\$45,306	\$4,547	\$1,380	\$112,846	\$114,226	\$120,932	\$5,912	-	\$65,190	\$65,190	\$52,102	-
TOTALS, RESOURCES AGENCY	\$3,204	\$66,242	\$69,446	\$45,306	\$4,547	\$1,380	\$112,846	\$114,226	\$120,932	\$5,912	-	\$65,190	\$65,190	\$52,102	-
HEALTH AND WELFARE AGENCY	\$25	\$693	\$718	-	-	-	\$328	\$328	-	-	-	\$778	\$778	-	-
Department of Health Services	1,420	65,740	67,160	-	\$503	\$2,506	59,532	62,038	-	\$148	-	11,763	11,763	-	-
Department of Developmental Services	207	2,314	2,521	-	-	-	439	439	-	-	-	15,624	15,624	-	-
Department of Mental Health	-	3,088	3,088	-	-458	-	-71	-71	-	-451	-	-65	-65	-	\$-386
Employment Development Department.....	-	10	10	-	-	-	-	-	-	-	-	-	-	-	-
Department of Rehabilitation	-	84	84	-	84	-	-	-	-	-	-	-	-	-	-
Department of Social Services	-	\$71,929	\$73,581	-	\$129	\$2,506	\$60,228	\$62,734	-	\$-303	-	\$28,100	\$28,100	-	\$-386
TOTALS, HEALTH AND WELFARE AGENCY	\$1,652	\$71,929	\$73,581	-	\$129	\$2,506	\$60,228	\$62,734	-	\$-303	-	\$28,100	\$28,100	-	\$-386

Schedule 3

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FISCAL YEARS 1980-81, 1981-82, AND 1982-83—Continued

(Figures in thousands)

	Actual 1980-81				Estimated 1981-82				Estimated 1982-83			
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds
YOUTH AND ADULT CORRECTIONAL AGENCY												
Department of Corrections	\$3,637	\$6,481	\$10,118	-	-	\$33,552	\$22,288	\$55,840	-	-	-	\$17,191
Youthful Offender Parole Board	-	12	12	-	-	-	-	-	-	-	-	\$161,800
Department of the Youth Authority	92	1,787	1,879	-	-	-	2,569	2,569	-	-	-	5,125
TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY	\$3,729	\$8,280	\$12,009	-	-	\$33,552	\$24,857	\$58,409	-	-	\$22,316	\$161,800
EDUCATION												
Higher Education												
University of California	-	\$36,740	\$36,740	\$1,340	\$9,050	-	\$6,161	\$6,161	\$4,009	\$10,215	-	\$38,581
Hastings College of Law	-	1,750	1,750	-	-	-	19,443	19,443	-	-	-	26,940
California State University and Colleges	-	21,284	21,284	8	-	-	32	32	-	-	-	456
California Maritime Academy	-	-	-	-	-	-	-	-	-	-	-	-
Board of Governors of California Community Colleges	-	10,174	10,174	-	-	-	3,146	3,146	664	-	-	19,871
TOTALS, Higher Education	-	\$69,948	\$69,948	\$1,348	\$9,050	-	\$28,782	\$28,782	\$4,673	\$10,215	-	\$85,848
TOTALS, EDUCATION	-	\$69,948	\$69,948	\$1,348	\$9,050	-	\$28,782	\$28,782	\$4,673	\$10,215	-	\$85,848
OTHER GOVERNMENTAL UNITS												
Labor:												
Department of Industrial Relations	-	\$14	\$14	-	-	-	\$81	\$81	-	-	-	-
Regulatory:												
California Exposition and Fairs	-	-	-	-	-	-	-	-	-	-	-	\$450
Department of Food and Agriculture	\$9	\$488	\$497	-	-	-	\$80	\$80	-	-	-	822
TOTALS, Regulatory	\$9	\$488	\$497	-	-	-	\$80	\$80	-	-	-	\$1,272
General Administration:												
Military Department	-	\$113	\$113	-	-	-	\$334	\$334	-	-	-	\$441
TOTALS, OTHER GOVERNMENTAL UNITS	\$9	\$615	\$624	-	\$1,854	-	\$495	\$495	-	\$21,427	-	\$1,713
Other Governmental Services												
Unallocated:												
Unallocated Capital Outlay	\$32,200	\$242	\$32,442	-	-	-	\$3,200	\$3,200	-	-	-	\$400
Savings	-	-	-	-	-	-	-	-	-	-	-	-
Estimated Unidentifiable Savings	-	\$242	\$32,442	-	-	-	\$17,200	\$17,200	-	-	-	-
TOTALS, OTHER GOVERNMENTAL SERVICES	\$32,200	\$242	\$32,442	-	-	-	\$17,200	\$17,200	-	-	-	\$400
TOTALS, CAPITAL OUTLAY	\$33,617	\$379,794	\$433,411	\$46,654	\$341,735	\$38,474	\$437,851	\$476,325	\$125,605	\$545,112	-	\$442,546
UNCLASSIFIED												
Unallocated	-	-	-	-	-	-	-	-	-	-	\$100,000	-
TOTALS, UNCLASSIFIED	-	-	-	-	-	-	-	-	-	-	\$100,000	-
TOTAL	\$21,104,852	\$3,261,624	\$24,366,476	\$144,672	\$10,247,616	\$22,038,842	\$3,425,276	\$24,464,119	\$342,148	\$11,095,618	\$23,202,861	\$3,471,449
State Operations	4,280,968	1,362,881	5,643,849	6,354	4,668,813	4,592,800	1,521,086	6,115,886	7,947	4,884,944	4,861,603	1,227,941
Local Assistance	16,770,267	1,518,949	18,289,216	91,664	5,237,068	17,407,568	1,464,339	18,871,908	208,596	5,665,562	18,241,258	1,300,962
Capital Outlay	53,617	379,794	433,411	46,654	341,735	38,474	437,851	476,325	125,605	545,112	100,000	442,546
Unclassified	18,463,480	1,731,155	20,194,635	28,660	1,151,059	21,736,093	1,915,808	23,651,901	159,343	8,976,804	23,150,616	2,303,862
Budget Act Totals	(3,687)	(8,066)	(11,747)	(-93)	(276,200)	(2,500)	(14,844)	(17,344)	108,680	(2,345,755)	(2,500)	(16,130)
Budget Act Items not included in totals	2,265,825	3,416,256	5,682,081	86,082	24,540	2,381,519	2,408,059	2,408,059	108,680	(2,345,755)	-64,287	2,558,909
Statutory Appropriations	214,838	5,809,363	6,024,201	-	221,184	221,184	-	221,184	-	258,787	258,787	-
Constitutional Appropriations	160,709	-7,695,150	-7,534,441	29,930	9,096,557	57,025	-874,051	-817,025	74,125	2,118,814	-142,255	-1,193,322
Other Appropriations	-	-	-	-	-	-	-	-	-	-	-	9,000

• Dollars in thousands

Schedule 4 SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1980, 1981, 1982, AND 1983

Fund	Reserves June 30, 1980	Actual Income 1980-81	Actual Expenditures 1980-81	Transfers Between Funds	Reserves June 30, 1981	Estimated Income 1981-82	Estimated Expenditures 1981-82	Transfers Between Funds	Reserves June 30, 1982	Estimated Income 1982-83	Estimated Expenditures 1982-83	Transfers Between Funds	Reserves June 30, 1983
GENERAL FUND	\$2,762,790	\$19,023,059	\$21,104,852	-	\$348,965 332,032 (178,670)	\$21,481,392	\$22,038,842	-	\$116,000 7,547	\$23,380,344	\$23,202,861	-	\$293 500,000 737
Transfers from Other Funds:													
California Water Fund	-	-	-	-	-	(+2,210)	-	(+2,210)	-	-	-	-	-
Capital Outlay Fund for Public Higher Education	-	-	-	-	-	(+84,887)	-	(+84,887)	-	-	-	-	-
Construction Inspectors Registration Board Fund	-	-	-	-	-	(+171)	-	(+171)	-	(+487)	-	(+487)	-
Driver Training Penalty Assessment Fund	-	(+18,723)	-	(+18,723)	-	(+4,079)	-	(+4,079)	-	-	-	-	-
Energy and Resources Fund	-	-	-	-	-	(+89,836)	-	(+89,836)	-	-	-	-	-
Employment Development Contingent Fund	-	-	-	-	-	(+4,967)	-	(+4,967)	-	-	-	-	-
Fingerprint Fees Fund	-	-	-	-	-	(+654)	-	(+654)	-	-	-	-	-
Highway Carriers Uniform Business License Tax Account	-	(+4)	-	(+4)	-	(+617)	-	(+617)	-	(+450,000)	-	(+450,000)	-
Motor Vehicle License Fee Account	-	-	-	-	-	(+8,500)	-	(+8,500)	-	-	-	-	-
Off-Highway Vehicle Fund	-	-	-	-	-	(+400)	-	(+400)	-	-	-	-	-
Property Acquisition Law Monies	-	-	-	-	-	(+53,769)	-	(+53,769)	-	-	-	-	-
State Parks and Recreation Fund	-	-	-	-	-	(+252,000)	-	(+252,000)	-	(+2,700)	-	(+2,700)	-
State School Building Lease-Purchase Fund	-	-	-	-	-	(+33,500)	-	(+33,500)	-	-	-	-	-
Transportation Planning and Development	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Other Funds:													
Assembly Contingent Fund	-	-	(+34,695)	(-34,695)	-	-	(+43,304)	(-43,304)	-	-	(+42,764)	(-42,764)	-
Clean Coal Account	-	-	(+18,779)	(-18,779)	-	-	(+13,810)	(-13,810)	-	-	(+13,883)	(-13,883)	-
Contingent Funds of the Assembly and Senate	-	-	(+29,000)	(-29,000)	-	-	-	-	-	-	-	-	-
Financial Aid to Local Agencies	-	-	(+486)	(-486)	-	-	-	-	-	-	-	-	-
Fish and Game Preservation Fund	-	-	(+2,746)	(-2,746)	-	-	-	-	-	-	-	-	-
Genetic Disease Testing Fund	-	-	-	-	-	(+2,000)	-	(-2,000)	-	-	-	-	-
Hazardous Substance Account	-	-	-	-	-	-	-	-	-	-	-	-	-
Natural Disaster Assistance Fund Public Facilities	-	-	(+20,000)	(-20,000)	-	-	-	-	-	-	-	-	-
Senate Contingent Fund	6,583	23,930	25,310	-1,909	3,294	29,766	32,648	-	412	30,800	30,439	-	773
Solid Waste Management Fund	-	-	(+13,971)	(-13,971)	-	-	(+14,766)	(-14,766)	-	-	(+7,368)	(-7,368)	-
State Energy Conservation and Assistance Account	-	-	(+10,000)	(-10,000)	-	-	(+2,500)	(-2,500)	-	-	-	-	-
State Energy Loan Fund	-	-	-	-	-	-	(+71,344)	(-71,344)	-	-	(+9,892)	(-9,892)	-
State School Building Lease-Purchase Fund	-	-	(+12,715)	(-12,715)	-	-	-	-	-	-	-	-	-
SPECIAL FUNDS													
General Fund Special Accounts:													
Hotel Facility Use Fees	1,519	-	23,228	-1,519	1,555	29,766	30,732	-559	30	30,800	30,439	-391	-
State Energy Resources Conservation and Development Special Account	1,243	-	2,082	-390	1,739	-	1,916	+559	382	-	-	+391	773
State Energy Resources Conservation and Development Commission Reserve Account	3,821	-	-	-	-	-	-	-	-	-	-	-	-

• Dollars in thousands

Schedule 4 SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1980, 1981, 1982, and 1983—Continued

Fund	Reserves June 30, 1980	Actual Income 1980-81	Actual Expenditure 1980-81	Transfers Between Funds	Reserves June 30, 1981	Estimated Income 1981-82	Estimated Expenditure 1981-82	Transfers Between Funds	Reserves June 30, 1982	Estimated Income 1982-83	Estimated Expenditure 1982-83	Transfers Between Funds	Reserves June 30, 1983
SPECIAL FUNDS—Continued													
General Fund Special Accounts—Continued													
Farm Labor Contractors Special Account.....	74	21	-	-	95	21	-	-	116	21	-	-	137
State Energy Loan Fund.....	-	-	-	-	-	-	2,500	(+2,500)	-	-	-	-	-
Surface Mining and Reclamation Account.....	-	1,100	499	-	601	1,100	1,151	-	550	1,100	1,175	-	475
State Emergency Telephone Number Account.....	35,998	15,760	2,109	-	49,449	15,800	7,332	-	57,917	15,800	17,268	-	56,449
Attorney General Anti-trust Account.....	13	359	358	-	14	1,710	940	-	784	337	970	-	151
Fingerprint Fees.....	954	3,054	3,166	(-4)	838	3,538	3,538	(-654)	184	3,800	3,800	-	184
Fuel Allocation Revenue Account.....	-	-	-	+390	390	-	-	-	390	-	390	-	-
Handicap Compliance Review Special Account (Access for Handicapped Account).....	114	126	162	-	98	141	189	(+2,000)	50	205	205	-	50
Hazardous Substance Account.....	-	-	-	-	-	-	2,000	-	-	10,000	10,000	-	-
Hazardous Waste Control Account.....	739	1,516	2,063	-	192	2,881	2,999	-	164	6,976	5,267	-	1,873
Motor Vehicle Parking Facilities Money.....	219	1,105	974	-	350	1,191	1,395	-	146	1,256	1,327	-	75
Park and Recreation Revolving Account.....	2,972	-	-	-2,972	869	1,736	1,670	(-400)	535	2,037	1,440	-	1,132
Property Acquisition Law Money.....	597	1,576	1,304	-	-	-400	-	-	-	-	-	-	-
Renewable Resources Energy Agricultural Account.....	-	-	-	+2,000	2,000	-	2,000	-	-	-	-	-	-
State Motor Vehicle Insurance Account.....	2,926	2,664	2,813	-	2,777	4,294	3,924	-	3,147	4,476	3,821	-	3,802
Highway Carriers Uniform Business License Tax Account.....	1,563	3,394	4,340	-	617	-	-	(-617)	-	-	-	-	-
Subsequent Injuries Money.....	-23	2,873	2,707	-	143	2,057	2,200	-	-	2,200	2,200	-	-
Standardbred Sires Fund.....	465	556	1,021	-	-	-	-	-	-	-	-	-	-
State Energy Conservation and Assistance Account.....	438	-	14,957	+8,000	3,481	-	2,620	-	861	-	-	-	861
Nuclear Planning Assessment Special Account.....	313	384	697	(+10,000)	-	1,250	1,102	-	148	118	266	-	-
Geothermal Resources Development Account.....	-	2,467	1,037	-	1,430	18,400	9,063	-	10,767	2,400	6,909	-	6,258
Special Account for Capital Outlay.....	-	304,094	177,148	-	141,946	28,035	131,064	+14,331	23,954	78,000	72,732	-	29,222
Mobilehome and Commercial Coach License Fee Account.....	-	-	-	-	-	-	35,000	(-80,524)	-	34,000	34,000	-	-
State Transportation Fund:													
Aeronautics Account.....	5,960	971	6,793	+4,739	4,847	705	7,465	+4,700	2,757	555	7,978	+4,700	4
State Highway Account.....	377,228	92,210	731,888	+40,000	232,531	118,320	831,874	+126,000	97,953	340,961	899,088	+88,524	63,900
Motor Vehicle Account.....	74,285	445,828	488,464	+458,411	12,442	649,993	506,872	+456,920	50,083	616,085	561,573	+443,150	25,726
Bicycle Lane Account.....	490	192	896	-4,030	146	120	525	-3,944	101	100	429	-7,600	-
Transportation Planning and Development Account.....	44,109	137,539	150,069	+16,793	29,839	192,840	179,948	+16,520	13,205	172,240	177,375	+5,255	13,000
California Highway Patrol Law Enforcement Account.....	-	827	-	+4,000	-	-33,500	-	+4,000	-	-2,700	-	+4,000	-
Abandoned Railroad Account.....	7,195	-	466	-40,000	7,556	832	134	-126,000	7,010	19,225	12,147	-88,524	14,388
Highway Users Tax Account.....	-	-	351,274	+360	-	-	346,020	+360	8,254	835	92	+360	8,997
				+81,545	-	-	-	+806,800	-	-	444,190	+7,600	-
				-458,411	-	-	-	-456,920	-	-	-	+30	-
				-360	-	-	-	-360	-	-	-	+30	-
				-1,500	-	-	-	-1,500	-	-	-	(-2,700)	-

* Dollars in thousands

Schedule 4

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1980, 1981, 1982, and 1983—Continued

Fund	Reserves June 30, 1980	Actual Income 1980-81	Actual Expenditure 1980-81	Transfers Between Funds	Reserves June 30, 1981	Estimated Income 1981-82	Estimated Expenditure 1981-82	Transfers Between Funds	Reserves June 30, 1982	Estimated Income 1982-83	Estimated Expenditures 1982-83	Transfers Between Funds	Reserves June 30, 1983
SPECIAL FUNDS—Continued													
General Fund Special Accounts—Continued													
Transportation Tax Fund:													
Motor Vehicle Fuel Account	7,892	843,451	12,631	-811,545	11,488	838,100	13,120	-806,800	12,468	918,250	13,396	-889,200	11,522
				-4,739				-4,700				-4,700	
				-3,837				-4,100				-4,100	
				-7,103				-8,400				-7,800	
Motor Vehicle Transportation Tax Account	13	-13	-	-16,793	69,299	708,000	559,780	-16,520	69,719	778,000	328,211	(-450,000)	69,508
Motor Vehicle License Fee Account	102,091	701,660	717,659	-	-	-131,280	-	(-131,280)	-	-450,000	-	-	-
Feeder Funds:													
Alcoholic Beverage Control Fund	9,746	4,947	14,693	-	-	84,200	85,860	-	12,380	86,200	87,960	-	10,620
Cigarette Tax Fund	16,565	81,809	84,334	-	14,040	-	-	-	-	-	-	-	-
Other Governmental Cost Funds:													
Abandoned Vehicle Trust Fund	3,088	326	1,346	-	2,068	230	500	-	1,798	-	-	-	1,798
Acupuncture Fund	162	220	122	-	260	77	202	-	135	269	263	-	141
Agriculture Fund	23,013	23,829	28,468	+3,837	22,211	25,234	29,716	+4,100	21,829	25,062	32,476	+4,100	18,515
Agricultural and Forestry Residue Utilization Account	10,250	-	6,763	+3,800	7,287	-	7,287	-	-	-	-	-	-
Air Pollution Control Fund	2,174	682	555	-	2,301	571	1,637	-	1,235	144	1,015	-	364
Animal Health Technicians Exam Committee Fund	70	66	39	-	97	66	69	-	94	67	65	-	96
Architecture Public Building Fund, School Building Program	1,021	1,270	1,208	-	1,083	2,016	1,608	-	1,491	2,074	1,649	-	1,916
Architecture Public Building Fund, Hospital Building Account	1,319	1,529	2,229	-	619	1,799	2,177	-	241	2,086	2,253	-	74
Assembly Contingent Fund	1,519	-	35,807	(+34,695)	407	-	45,070	+1,405	46	-	42,764	(+42,764)	46
				-34,695			-43,304	(+43,304)			-42,764		
Automotive Repair Fund	1,901	3,477	4,986	-	392	5,680	5,490	-	582	7,099	5,571	-	2,110
Bagley Conservation Fund	10,136	-	218	-7,718	2,200	-	2,200	-	-	-	-	-	-
Banking Fund	3,622	4,818	5,220	-	3,220	5,447	6,238	-	2,429	6,138	6,530	-	2,037
California Environmental License Plate Fund	4,359	10,394	9,017	-	5,736	11,771	14,577	-	2,930	13,333	8,036	-5,255	2,972
California Health Facilities Commission Fund	308	2,162	2,267	-	203	2,603	2,733	-	73	3,450	3,339	-	184
California Water Fund	5,070	26,382	27,623	-	3,829	26,325	27,944	(-2,210)	-	15,476	15,476	-	-
Capital Outlay Fund for Public Higher Education	308,956	2,292	88,077	-100,000	59,137	85,483	45,402	(-84,887)	-	116,000	114,180	-	1,820
				-35,415		-84,887	-	(-84,887)					
				-28,619				-14,331					
Chiropractic Examiners Fund	160	416	429	-	147	419	412	-	154	421	448	-	127
Clean Coal Account	4,000	-	-	-	4,000	-	4,000	-	-	-	-	-	-
Collection Agency Fund	233	534	575	-	192	539	559	-	172	215	584	-	-197
Collier Park Preservation Fund	3,197	-	-	-3,197	-	-	-	-	-	-	-	-	-
Community College Credentials Fund	53	523	426	-	150	630	637	-	143	630	711	-	62
Construction Inspectors Registration Board Fund	242	67	138	-	171	-171	32,322	(-171)	-	1,000	-	-	-
Contingent Funds of the Assembly and Senate	23,183	-	22,556	(+18,779)	19,406	1,000	-13,810	+560	2,954	1,000	15,783	500	2,554
				-18,779			-13,810	(+13,810)			-13,883	(+13,883)	
Corrections Training Fund	-	5,738	2,786	-	2,952	5,075	6,300	-	1,727	4,117	5,844	-	-
Bureau of Employment Agencies Fund	778	323	369	-	732	306	526	-	512	294	544	-	262

• Dollars in thousands

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1980, 1981, 1982, and 1983—Continued

Fund	Reserves June 30, 1980	Actual Income 1980-81	Actual Expenditure 1980-81	Transfers Between Funds	Reserves June 30, 1981	Estimated Income 1981-82	Estimated Expenditure 1981-82	Transfers Between Funds	Reserves June 30, 1982	Estimated Income 1982-83	Estimated Expenditure 1982-83	Transfers Between Funds	Reserves June 30, 1983
SPECIAL FUNDS—Continued													
Other Governmental Cost Funds—Continued													
Developmental Disabilities Program Development Fund	869	1,712	371	-	2,210	2,859	3,401	-	1,468	2,053	3,033	-	488
Driver Training Penalty Assessment Fund	-55	29,124	1,278	-4,000	5,068	26,750	19,739	(-4,079)	-	24,500	20,013	-4,000	-
		-16,735		(-18,723)		-4,079		-4,000		-487		(-4,000)	
Electronic and Appliance Repair Fund	408	671	721	-	358	744	913	-	189	709	928	-	-30
Employment Development Department Contingent Fund	-438	12,272	9,929	-	2,005	11,957	8,185	(-4,967)	810	12,780	10,690	-	2,900
Energy and Resources Fund	-	91,381	30,102	-8,000	55,663	78,413	40,283	(-89,836)	3,957	120,000	103,654	-	20,303
		-16,735		-7,500		-89,836							
				-2,000									
				+28,619									
				(-16,735)									
Ethanol Fuel Revolving Account, Agriculture Fund	-	-	503	-	1,497	500	1,497	-	500	620	500	-	620
Fair and Exposition Fund	5,701	16,356	19,411	+2,000	2,646	16,585	18,768	-	463	17,940	18,413	-	-10
Financial Aid to Local Agencies Fund	-	-	29,000	(+29,000)	-	-	-	-	-	-	-	-	-
Fish and Game Preservation Fund	9,591	37,827	38,826	(+486)	8,592	41,371	43,115	-	6,848	43,910	45,812	-	4,946
			(39,312)										
			(-486)										
Genetic Disease Testing Fund	-	2,913	5,659	(+2,746)	-	9,286	9,286	-	-	9,736	9,736	-	-
			-2,746										
Geology and Geophysics Fund	117	212	126	-	203	24	149	-	78	197	153	-	122
Hearing Aid Dispenser's Fund	62	102	73	-	91	103	109	-	85	103	111	-	77
Indemnity Fund	4,341	4,404	8,497	-	248	14,529	18,823	+4,000	-46	18,352	18,306	-	-
Insurance Commissioner's Regulatory Trust Fund	68	482	473	-	77	509	509	-	77	534	534	-	77
Local Agency Departmental Security	-	54	49	-	-	75	60	-	20	55	55	-	20
Mobilehome Parks Revolving Fund	-	-	-	-	-	1,365	1,365	-	-	1,400	1,400	-	-
Natural Disaster Assistance Fund:													
Public Facilities Account	5,763	1,422	7,093	(+20,000)	20,092	2,210	8,600	-	13,702	1,507	4,500	-	10,709
			-20,000										
Street and Highway Account	19,554	2,176	529	-	21,201	2,332	1,500	-	22,033	2,424	3,500	-	20,957
Nurses' Registry Fund	62	9	15	-	56	7	23	-	40	5	18	-	27
Nursing Home Administrator's State License Examining Board Fund	152	300	183	-	259	48	230	-	77	282	246	-	113
Off-Highway License Fee Fund	319	553	522	-	350	630	610	-	370	680	680	-	390
Off-Highway Vehicle Fund	16,096	3,834	5,023	+7,103	22,010	2,223	14,180	+8,400	9,953	2,288	9,480	+7,800	10,561
						-8,500		(-8,500)					
Osteopathic Examiners Contingent Fund	18	260	213	-	65	290	223	-	132	359	255	-	236
Peace Officers Training Fund	5,054	17,186	18,538	-	3,382	19,200	19,386	-	3,196	20,500	22,639	-	1,057
Physicians Assistants Fund	137	68	99	-	106	173	139	-	140	66	160	-	46
Poultry Fund	-	-	-	-	-	179	215	+133	97	185	256	-	26
Psychology Fund	-	-	-	-	-	663	551	+201	313	752	633	-	432
Pilot Commissioners Special Fund	132	43	44	-	131	42	58	-	115	41	71	-	85
Professional Forester Registration Fund	75	83	59	-	99	81	84	-	96	81	82	-	95
Professions and Vocations Funds:													
Accountancy Fund	1,319	1,965	1,330	-	1,954	2,133	2,015	-	2,052	2,263	2,126	-	2,189
Board of Architectural Examiners Fund	1,011	484	787	-	708	1,945	1,203	-	1,450	832	1,180	-	1,102
Board of Barber Examiners Fund	1,057	206	556	-	707	1,003	671	-	1,039	155	683	-	511
Cemetery Fund	27	186	175	-	38	228	212	-	54	218	218	-	71
Contractors' License Fund	10,205	10,446	13,232	-	7,419	9,812	15,242	-	10,948	15,550	15,550	-	-3,513
Board of Cosmetology Contingent Fund	2,600	3,399	1,714	-	4,285	1,163	1,934	-	3,514	3,623	2,333	-	4,804
Dentistry Fund	1,049	1,383	1,260	-	1,172	1,482	1,486	-	1,168	1,420	1,655	-	933

• Dollars in thousands

Schedule 4

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1980, 1981, 1982, and 1983—Continued

Fund	Reserves June 30, 1980	Actual Income 1980-81	Actual Expenditure 1980-81	Transfers Between Funds	Reserves June 30, 1981	Estimated Income 1981-82	Estimated Expenditure 1981-82	Transfers Between Funds	Reserves June 30, 1982	Estimated Income 1982-83	Estimated Expenditures 1982-83	Transfers Between Funds	Reserves June 30, 1983
SPECIAL FUNDS—Continued													
Professions and Vocational Funds—Continued													
Fabric Care Fund	605	1,060	528	-	1,137	209	630	-	716	1,089	648	-	1,157
Registered Nursing Fund	431	365	361	-	435	362	305	-	292	347	500	-	139
Fuel Directors and Embalmers Fund	857	1,961	1,006	-	1,812	256	1,192	-	876	1,943	1,299	-	1,520
Bureau of Home Furnishings Fund	105	83	178	-	10	316	268	-	58	134	287	-	95
Board of Landscape Architects Fund	8,826	7,805	9,316	-	7,315	7,384	9,959	-133	4,406	7,114	10,642	-	878
Contingent Fund of the Board of Medical Quality Assurance								-201					
Physical Therapy Fund	401	91	168	-	324	232	241	-	315	73	259	-	129
Registered Nursing Fund	634	2,600	2,656	-	578	3,251	3,196	-	633	3,808	3,444	-	897
Optometry Fund	594	134	222	-	596	106	279	-	333	92	285	-	140
Pharmacy Board Contingent Fund	562	1,299	1,470	-	391	1,442	1,739	-	94	1,989	1,732	-	331
Private Investigator Fund	486	1,205	970	-	721	1,786	1,483	-	1,024	1,582	1,746	-	860
Professional Engineers Fund	3,127	1,183	1,452	-	2,858	1,171	1,674	-	2,355	1,170	1,917	-	1,608
Shorthand Reporters Fund	99	520	136	-	483	550	186	-300	547	514	185	-	576
Behavioral Science Examiners Fund	802	302	401	-	703	667	525	-	845	283	536	-	592
Structural Pest Control Fund	1,926	1,022	1,352	-	1,596	980	1,720	-	856	880	1,799	-	63
Tax Preparers Fund	979	189	156	-	962	95		-	1,057	95		-	1,152
Board of Veterinary Examiners Contingent Fund	413	137	308	-	242	585	415	-	412	149	437	-	124
Vocational Nurse and Psychiatric Technician Examiners Fund (Vocational Nurse)	238	1,087	1,267	-	108	1,354	1,515	-	147	2,085	1,588	-	644
Vocational Nurse and Psychiatric Technician Examiners Fund (Psychiatric Technician)	238	365	247	-	356	370	349	-	377	378	365	-	390
Real Estate Fund	9,519	11,482	14,481	-	6,520	11,710	16,007	-	2,223	17,064	17,553	-	1,734
Savings and Loan Inspection Fund	1,576	6,372	6,413	-	1,535	6,686	7,358	-	863	3,803	4,666	-	-
State School Fund	9,375	17,428	26,744	-	59	18,384	18,343	-	-	18,343	18,343	-	-
School Building Safety Fund	693	693	693	-	-	910	910	-	-	894	894	-	-
Senate Contingent Fund	3,706	-	20,466	-	5,567	-	30,669	+1,405	5,637	-	-	-	5,637
Solid Waste Management Fund	588	-13	-22,327	(+13,971)	730	5	-29,334	(+14,766)	1,608	5	-28,522	(+7,368)	202
Speech Pathology and Audiology Examining Committee Fund	259	55	91	-	223	237	142	-	318	69	158	-	229
State Bicycle License and Registration Fund	88	31	18	-	13	55	57	-	11	49	60	-	-
State Dental Auxiliary Fund	84,926	373	330	-	131	414	413	-	132	426	470	-	88
State School Building Lease-Purchase Fund		-	22,216	+100,000	175,425	200,000	145,769	(+71,344)	1,800	100,000	100,000	-	1,800
			-12,715	(+12,715)		-252,000	-71,344	(-252,000)					
State Parks and Recreation Fund	-	49,800	27,889	(59,821)	81,732	42,000	70,856	(-53,769)	607	18,000	19,937	+1,500	170
				+3,197		-53,769		+1,500					
Strong Motion Instrument Special Fund	960	1,134	1,349	-	745	1,087	1,539	-	293	1,286	1,589	-	-
Teacher Credentials Fund	1,105	3,321	3,376	-	1,050	3,490	3,566	-	974	3,923	4,028	-	869
Transport Reimbursement Fund		-	-	-	-	14	314	+300	-	14	314	+300	-
Transportation Rate Fund	9,098	11,468	11,785	-	8,781	8,853	12,848	-	4,786	12,973	12,934	-	4,825
Vehicle Inspection Fund	1,510	15,335	14,191	-	2,654	15,436	15,070	-	3,020	14,980	17,504	-	506
Wildlife Restoration Fund	5,599	1,496	2,135	-	4,960	1,732	5,414	-	1,298	1,450	2,156	-	592

• Dollars in thousands

Schedule 4

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1980, 1981, 1982, and 1983—Continued

Fund	Reserves June 30, 1980	Actual Income 1980-81	Actual Expenditure 1980-81	Transfers Between Funds	Reserves June 30, 1981	Estimated Income 1981-82	Estimated Expenditure 1981-82	Transfers Between Funds	Reserves June 30, 1982	Estimated Income 1982-83	Estimated Expenditures 1982-83	Transfers Between Funds	Reserves June 30, 1983
UNSPECIFIED SPECIAL FUNDS:													
Augmentation for Employee Compensation	-	-	-	-	-	-	13,863	-	-13,863	-	45,515	-	-59,378
Augmentation for Price Increase	-	-	-	-	-	-	751	-	-751	-	1,929	-	-2,680
Joint Legislative Expenses—Recovery of Audit Costs	-	-	-	-	-	-	-	-500	-500	-	-	-500	-1,000
Payment of Court Awarded Attorney Fees	-	-	-	-	-	-	-	-	-	-	100	-	-100
Reserve for Contingencies and Emergencies	-	-	-	-	-	-	1,292	-	-1,292	-	1,500	-	-2,792
SUBTOTALS, SPECIAL FUNDS	\$1,343,679	\$3,080,729	\$3,261,622	-	\$1,162,786	\$2,756,017	\$3,460,323	-	\$458,480	\$3,390,834	\$3,503,965	-	\$345,349
OTHER ADJUSTMENTS:													
State Parks and Recreation Fund (estimated savings anticipated in expenditure totals, but not reflected in Fund Condition)	-	-	-	-	-	-	-1,500	-	1,500	-	-	-	1,500
Mobilehome and Commercial Coach License Fee Fund (apportionments to Local Governments recorded in Fund Condition, but not recorded in expenditure detail)	-	-	-	-	-	-	-33,547	-	33,547	-	-32,516	-	66,063
TOTALS, SPECIAL FUNDS	\$1,343,679	\$3,080,729	\$3,261,622	-	\$1,162,786	\$2,756,017	\$3,425,276	-	\$493,027	\$3,390,834	\$3,471,449	-	\$412,912
GRAND TOTALS	\$4,106,469	\$22,103,788	\$24,366,474	-	\$1,843,783	\$24,237,409	\$25,464,118	-	\$617,074	\$26,971,178	\$26,674,310	-	\$913,942

• Dollars in thousands

Schedule 5

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY

Fund	June 30, 1980				June 30, 1981			
	Cash *	Securities *	Investment Fund *	Totals *	Cash *	Securities *	Investment Fund *	Totals *
NONGOVERNMENTAL COST FUNDS								
Antioch Toll Revenue	\$53	\$3,466	\$2,966	\$6,485	\$2	\$3,468	\$3,854	\$7,324
Public Service Enterprise Funds								
California Housing Finance Fund	4	452,493	188,940	641,437	2,590	475,084	103,911	581,585
California Water Resources Development Bond	101	-	31,953	32,054	101	-	52,630	52,731
California National Guard Members Farm and Home Fund of '74	200	-	-	200	49	15,480	7,059	22,588
Carquinez Straits Bridges Construction Fund	1	-	10	11	1	-	7	8
Central Valley Water Project Construction	63	5,000	194,798	199,861	90	-	113,090	113,090
Central Valley Water Project Revenue	175	-	9,688	9,863	198	-	18,240	18,438
Compensation Insurance	10	1,174,147	20,515	1,194,672	4,484	1,255,354	4,287	1,264,125
Harbor Bond Sinking Fund	1,071	-	-	1,071	-	-	-	-
Harbors and Watercraft Revolving Fund	197	-	28,978	29,175	333	-	28,649	28,982
India Basin Sinking Fund	1	-	-	1	104	-	-	104
Health Facility Construction Loan Insurance Fund	1	-	7,281	7,282	1	-	10,886	10,887
New Antioch Bridge Construction	2	997	14,310	15,309	-	-	16,149	16,149
San Diego-Coronado Bridge Construction	10	-	601	611	2	-	641	643
San Francisco-Oakland Bay Bridge Construction Fund	-	-	-	-	-	-	-	-
San Francisco-Oakland Bay Bridge Toll Revenue Fund	18	-	247	265	25	-	686	711
San Francisco Seawall Sinking Fund No. 2	128	-	-	128	-	-	-	-
San Francisco Seawall Sinking Fund No. 3	161	-	-	161	-	-	-	-
San Francisco Seawall Sinking Fund No. 4	-	-	-	-	-	-	-	-
Small Craft Harbor Bond Fund	1	-	32	33	1	-	32	33
Small Craft Harbor Improvement	10	-	1,672	1,682	10	-	1,204	1,214
State Coastal Conservancy Fund	228	-	-	228	4,389	-	-	4,389
State University and Colleges Continuing Education Revenue Fund	50	-	9,895	9,945	50	-	12,324	12,374
State University and Colleges Dormitory Building Maintenance and Equipment Re-	17	-	4,917	4,934	17	-	7,767	7,784
serve Fund	294	-	11,332	11,626	211	-	9,072	9,283
State University and Colleges Dormitory Construction	24	-	13,528	13,552	18	-	13,425	13,443
State University and Colleges Dormitory Interest and Redemption	656	-	28,381	29,037	663	-	30,442	31,105
State University and Colleges Dormitory Revenue Fund	1	-	208	209	1	-	231	232
State University and Colleges Facilities Revenue Fund	1	-	1,400	1,401	1	-	1,777	1,778
State University and Colleges Parking Revenue Fund	50	-	-	50	50	-	-	50
Toll Bridge Authority Revolving Fund	1	18,873	41,489	60,363	2	20,487	24,336	44,825
Toll Bridge Construction Fund	9	-	435,935	435,944	9	-	319,767	319,776
Unemployment Compensation Disability Fund	3,922	-	-	3,922	504	-	504	504
Uninsured Employers	-	-	-	-	-	33,912	16,097	50,009
Veterans Debtenture Revenue Fund	-	-	20,000	20,000	-	-	2,405	2,405
Indemnity—Veterans Fund	-	-	2,246	2,246	-	-	280,844	281,556
Veterans Farm and Home Building Fund of 1943	102	-	202,370	202,472	712	-	483	484
Vincent Thomas Bridge Construction	1	-	626	627	1	-	187	188
Vincent Thomas Bridge Toll Revenue Fund	1	-	614	615	1	-	-	-
Working Capital and Revolving Funds								
Agriculture Building Fund	284	-	-	284	450	-	-	450
Architecture Revolving Fund	220,040	-	-	220,040	215,525	-	-	215,525
Ballot Paper Revolving Fund	372	-	-	372	272	-	-	272
California Industries for the Blind Manufacturing Fund	18	-	-	18	18	-	-	18
Community College District Organization Revolving Fund	200	-	-	200	200	-	-	200
Correctional Industries Revolving Fund	241	-	-	241	2,155	-	-	2,155
County Formation Revolving Fund	242	-	-	242	241	-	-	241
Emergency Revolving Fund	541	-	-	541	358	-	-	358
General Obligation Bond Expense Revolving Fund	74	-	-	74	70	-	-	70
Health and Welfare Agency Data Center Revolving Fund	1,187	-	-	1,187	808	-	-	808

* Dollars in thousands

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY—Continued* Dollars in thousands

Schedule 5

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY—Continued

Fund	June 30, 1980				June 30, 1981			
	Cash •	Securities •	Due from Surplus Money Investment Fund •	Totals •	Cash •	Securities •	Due from Surplus Money Investment Fund •	Totals •
Trust and Agency Funds—Federal								
Federal Revenue Sharing Fund	1	—	288,763	288,764	—	—	169,117	169,117
California Traffic Safety Program Fund	37	—	—	37	—	858	—	858
Public Health Federal Fund	2,765	—	—	2,765	—	3,440	—	3,440
Social Welfare Federal Fund	30,407	—	—	30,407	—	1	—	1
Unemployment Administration Fund	13,828	—	—	13,828	—	11,976	—	11,976
United States Flood Control Receipts	—	—	—	—	—	—	—	—
United States Forest Reserve	—	—	—	—	—	—	—	—
United States Grazing Fees	—	—	—	—	—	—	—	—
Vocational Education Federal	68	—	—	68	—	239	—	239
Vocational Rehabilitation Federal	536	—	—	536	—	3,105	—	3,105
Federal Trust Fund	29,150	—	—	29,150	—	16,185	—	16,185
Federal Trust Fund Appropriated	—	—	—	—	—	658	—	658
Assessment Fund	—	—	—	—	—	432	—	432
California Health Facilities Authority	—	—	—	—	—	4	—	4
County Health Services	—	—	—	—	—	—	25,000	25,000
Trust and Agency Funds—Other								
California Public Broadcasting Fund	163	—	—	163	—	86	—	86
Classified School Employees Fund	10	—	46,642	46,652	—	10	45,776	45,786
Community College Instructional Improvement Fund	1,045	—	—	1,045	—	985	—	985
Condemnation Deposits Fund	—	—	26,541	26,541	—	1	29,728	29,729
Educational Facilities Authority Fund	137	—	—	137	—	399	—	399
Health Care Deposit Fund	42,279	—	—	42,279	—	—	—	—
Industrial Relations Unpaid Wage Fund	1,348	—	—	1,348	—	2,248	—	2,248
Deferred Compensation Plan Fund	1	178,183	—	178,242	—	—	229,791	229,812
Housing Rehabilitation Insurance Fund	5	—	58	10,299	—	1	21	10,532
Inmates Welfare Fund	—	1,416	617	2,038	—	12	1,663	2,351
Small Business Expansion Fund	100	—	6,279	6,279	—	1	10,074	10,075
Interstate Collection Incentive Fund	—	—	—	100	—	57	—	57
Litigation Deposit Fund	—	—	1,051	1,051	—	4	12,945	12,949
California Economic Development Grant and Loan Fund	1,621	—	—	1,621	—	3,211	—	3,211
Immunitization Adverse Reaction Fund	50	—	—	50	—	50	—	50
Local Agency Investment Fund	656,998	—	—	656,998	—	111,527	—	111,527
Land Purchase	1,000	—	—	1,000	—	1	481	482
Local Agency Emergency Loan Fund	—	—	—	—	—	—	—	—
Farmworker Housing Grant Fund	2,038	—	—	2,038	—	1,960	—	1,960
Forest Resources Improvement Fund	813	—	—	813	—	2,713	—	2,713
Housing Rehabilitation Loan Fund	1	—	1,755	1,756	—	—	10,930	10,931
Pollution Control Financing Authority Fund	2	—	11,711	11,713	—	51	7,667	8,633
Local Agency Code Enforcement and Rehabilitation	—	—	—	—	—	46	—	46
Local Public Entity Employees Fund	1	—	12,472	12,473	—	—	13,455	13,456
County Jail Capital Expenditure	—	—	—	—	—	1	94	95
Local Agency Indebtedness Fund	27,796	—	—	27,796	—	27,788	—	27,788
Homeownership Assistance	—	—	7,500	7,500	—	—	8,293	8,294
Small Business Loan Reserve Fund	100	—	—	100	—	—	—	—
Rental Housing Construction Incentive Fund	—	—	82,000	82,000	—	—	91,052	91,052
Nutrition Reserve Fund	5,000	—	—	5,000	—	2,560	—	2,560
Parklands and Renewable Resources Investment Fund	9,754	—	—	9,754	—	9,019	—	9,019

* Dollars in thousands

Schedule 5

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY—Continued

	June 30, 1980			June 30, 1981		
	Due from Surplus Money Investment Fund *			Due from Surplus Money Investment Fund *		
Fund	Cash *	Securities *	Totals *	Cash *	Securities *	Totals *
Santa Monica Mountains Conservancy Fund.....	20	—	20	922	—	922
Special Deposit Fund.....	256,747	24	354,348	44,227	22	95,962
State Child Nutrition Fund.....	575	—	575	139	—	139
Student Security Trust Fund.....	—	—	1	—	—	3
California State University and Colleges Special Project Fund	2	—	381	5	—	651
California State University and Colleges Trust Fund	10	—	8,977	10	—	9,068
State Fair Contingent Fund	—	1,478	—	—	4,492	—
State Employees Contingency Reserve Fund	596	—	2,074	5	—	4,497
State Guaranteed Loan Reserve Fund.....	21	—	5,502	36	—	12,819
State Park Contingent Fund.....	107	—	100	175	—	275
State Instructional Materials Fund	40,035	—	40,035	43,422	—	43,422
State School Site Utilization Fund.....	3,786	—	3,786	4,650	—	4,650
Support Enforcement Incentive	—	—	—	—	—	—
Tax-Dedeed Land Rental Trust Fund.....	—	—	—	1	—	1
State School Building Lease-Purchase Fund.....	84,926	—	84,926	175,882	—	175,882
Student Tuition Recovery Fund.....	12	—	12	14	—	14
State School Deferred Maintenance Fund.....	—	—	—	48,513	—	48,513
Volunteer Firefighters Length of Service Award	29	180	209	2	220	222
Teacher Tax Shelter Annuity	22	3,081	3,103	21	20,887	20,908
Timber Tax Fund.....	—	—	1	—	—	187
Timber Tax Reserve Fund	1	—	3,168	—	—	89
Traffic Adjudication.....	—	—	—	160	—	160
Unclaimed Property Fund	189	663	11,884	564	629	14,142
Unemployment Fund.....	3,849	—	3,849	2,125	—	2,125
Urban Housing Development Loan Fund.....	1	—	776	1	—	1,581
TOTALS, NONGOVERNMENTAL COST FUNDS	\$5,000,356	\$28,543,225	\$32,582,196	\$3,958,675	\$28,854,133	\$31,919,288
			—\$961,385		—\$893,520	
GOVERNMENTAL COST FUNDS						
General Fund	2,239,098	—	2,239,098	633,740	—	633,740
Transportation Funds	381	—	777,564	676	—	603,081
Other Special Funds	773,722	—	183,821	659,084	—	949,523
OTHER BALANCES						
Agency Bank Accounts.....	337,742	—	337,742	227,375	—	227,375
Uncleared Collections	631	—	631	313	—	313
Outstanding Warrants	446,538	—	446,539	640,118	—	640,118
Pooled Money Investment Account.....	—7,293,961	7,293,962	—	—4,704,104	4,704,104	—
Time Deposits in Banks	—1,530,627	1,530,628	—	—1,475,810	1,475,810	—
TOTALS	—\$26,120	\$37,367,815	— \$37,341,695	— \$59,933	\$35,034,047	— \$34,974,114

* Dollars in thousands

COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION OR OTHER STATUTES FOR THE FISCAL YEARS 1980-81, 1981-82, AND 1982-83

In Thousands of Dollars

Purpose and Legal Citation	Actual 1980-81		Estimated 1981-82		Estimated 1982-83	
	General Fund	Total	General Fund	Special funds	General Fund	Special funds
AUTHORIZED BY CONSTITUTION						
STATE OPERATIONS						
Other Governmental Services:						
Debt Service:						
Bond Interest and Redemption:						
Support, Bond Interest and Redemption.....	\$210,481	\$210,481	\$218,686	-	\$258,787	-
LOCAL ASSISTANCE						
Legislative, Judicial, and Executive:						
Judicial:						
Salaries of Superior Court Judges:						
Government Code, Section 68206	4,357	4,357	2,498	-	-	-
Article 3, Section 4 of State Constitution	-	-	-	-	-	-
Education						
K thru 12 Education:						
Department of Education (611-625):						
Dept. of Education—Headquarters:						
Article IX, Section 6 of the State Constitution	-	5,809,363	-	-	-	-
TOTALS, CONSTITUTIONAL REQUIREMENT	\$214,838	\$6,024,201	\$221,184	\$221,184	\$258,787	\$258,787
<i>Totals, State Operations</i>	210,481	210,481	218,686	-	258,787	-
<i>Totals, Local Assistance</i>	4,357	5,813,720	2,498	-	-	-
AUTHORIZED BY STATUTES						
STATE OPERATIONS						
LEGISLATIVE, JUDICIAL, AND EXECUTIVE						
LEGISLATIVE						
Senate:						
Section 9129, Government Code—Senate	-	\$20,466	-	\$29,334	-	\$28,522
Cootinquent Expenses	-	-	-	-	-	-
Assembly:						
Section 9129, Government Code—Assembly	-	35,807	-	43,665	-	42,764
Contingent Expenses	-	-	-	-	-	-
Joint Expenses:						
Item 10.1, Budget Act of 1967	-	10,894	-	14,335	-	14,283
Contributions to Legislator's Retirement Fund:						
Section 9338, Government Code	\$631	631	\$660	-	\$720	720
JUDICIAL						
Contributions to Judges' Retirement Fund:						
Section 75101, Government Code—Judges'	376	376	384	-	405	405
Retirement Fund—Supreme and Appellate	-	-	-	-	-	-
Courts	-	-	-	-	-	-
EXECUTIVE/GOVERNOR						
Secretary for Resources	-	-	-	-	-	-
Office of Emergency Services:						
Section 8610.5, Government Code (Ch. 936/79)	-	516	-	702	-	66
STATE AND CONSUMER SERVICES AGENCY						
Department of Consumer Services:						
Certified Shortland Reporters Board:						
Support, Fair Employment and Housing Com-	-	-	-	314	-	314
mission—Government Code, Section 12900,	-	-	-	-	600	600
Ch. 625/81	-	-	-	-	-	-
Department of General Services:						
Government Code, Section 14678	-	-6	-	-	-	-
Education Code, Section 17708—General Ser-	-	461	-	-	-	-
vices	-	1,304	-	-	-	-
Government Code, Section 15850-15865	-	2,813	-	-	-	-
Government Code, Section 16379	-	162	-	-	-	-
Government Code, Section 4454, Access for	-	-	-	-	-	-
Handicapped	-	-	-	-	-	-

**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION
OR OTHER STATUTES FOR THE FISCAL YEARS 1980-81, 1981-82, AND 1982-83—Continued**
(In Thousands of Dollars)

Purpose and Legal Citation	Actual, 1980-81		Estimated 1981-82		Estimated 1982-83	
	General Fund	Total	General Fund	Special funds	General Fund	Special funds
BUSINESS, TRANSPORTATION, AND HOUSING						
Business:						
State Banking Department:						
Government Code, Section 5166.7	-	49	-	60	-	55
Department of Housing and Community Development:						
Health and Safety Code, Section 18078.6 (Ch. 1149/80)—Housing and Community Development	-	-	-	1,453	-	1,484
Health and Safety Code, Section 18502.5—Housing and Community Development	-	-	-	1,365	-	1,400
Department of Insurance:						
Department of Insurance:						
Section 12995, Insurance Code—Department of Insurance	-	472	-	-	-	-
Transportation:						
Department of Transportation:						
Ch. 1092/72—Department of Transportation	-	-	-	24	-	24
Section 2542, Streets and Highways Code—Department of Transportation	-	103	-	134	-	92
RESOURCES AGENCY						
Energy Resources Conservation and Development Commission:						
Public Resources Code, Section 25804(h)—Energy Resources Conservation and Development Commission	-	-	-	813	-	-
Renewable Resources Investment Program:						
Public Resources Code, Section 3825	-	43	-	740	-	5,949
Solid Waste Management Board:						
Government Code, Section 68030	13,971	13,971	14,766	-	7,368	7,368
HEALTH AND WELFARE AGENCY						
Office of Statewide Health Planning and Development:						
Section 15012, Health and Safety Code	-	2,228	-	2,177	-	2,253
Department of Health Services:						
Health and Safety Code, Section 309—Department of Health Services	-	5,659	-	7,716	-	8,145
Section 25174, Health and Safety Code	-	2,063	-	2,909	-	5,267
Employment Development Department:						
Unemployment Insurance Code, Section 1590	-	1,316	-	-	-	-
Youth and Adult Correctional Agency:						
Board of Corrections, Chapter 1351/80—Petal Code Section 6029, Board of Corrections	-	5	-	-	-	-
EDUCATION						
K thru 12 Education:						
Department of Education (611-625):						
Chapter 894/77—Department of Education	496	496	200	-	-	-
Chapter 282/79, Section 19632(b), Business and Professions Code, Vocational Education Study Organizations	462	462	490	-	475	475
Section 41304(a), Education Code—Driver Training	276	276	306	-	99	99
Department of Education—Headquarters:						
Chapter 1334/80—Education Commission of the States	50	50	-	-	-	-
Chapter 797/80—Business and Professions Code, Section 19632, Department of Education	374	374	-	-	-	-

Schedule 6

**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION
OR OTHER STATUTES FOR THE FISCAL YEARS 1980-81, 1981-82, AND 1982-83—Continued**
(In Thousands of Dollars)

Purpose and Legal Citation	Actual 1980-81		Estimated 1981-82		Estimated 1982-83	
	General Fund	Total	General Fund	Total	General Fund	Total
OTHER GOVERNMENTAL UNITS						
Labor:						
Workers' Compensation Benefits:						
Subsequent Injuries:						
Section 4706.5(e), Labor Code.....	-	2,707	-	2,200	-	2,200
Regulatory:						
California Horse Racing Board:						
Business and Professions Code, Section 19619,						
California Horse Racing Board	-	1,021	-	-	-	-
California Exposition and Fairs:						
Business and Professions Code, Section 19622, Cali-						
fornia Expo and State Fair	-	265	-	265	-	265
Department of Food and Agriculture:						
Expenditure of Loan Repayments per Food &						
Agriculture Code, Section 505	-	-	-	-	-	-
Section 224(1), Food and Agriculture Code	-	500	-	500	-	500
Section 224(2), Food and Agriculture Code	-	1,000	-	1,000	-	1,000
Fair Political Practices Commission:						
Government Code, Section 83122, Fair Political						
Practices Commission	1,724	1,724	1,858	1,858	1,900	1,900
OTHER GOVERNMENTAL SERVICES						
Unclassified:						
Working Capital Advances:						
Government Code, Section 18707 amended by						
Chapter 838/73	-6	-6	-6	-6	-6	-6
CAPITAL OUTLAY						
Business, Transportation, and Housing:						
Transportation:						
Department of Transportation:						
Section 2542, Streets and Highways Code.....	-	363	-	-	-	-
Resources:						
Wildlife Conservation Board:						
Business and Professions Code, Section 19632(a)—						
Wildlife Conservation Board	-	750	-	750	-	750
Section 1352, Fish and Game Code	-	1,089	-	4,250	-	950
Department of Water Resources:						
Section 12938, Water Code	-	27,513	-	27,833	-	15,365
OTHER GOVERNMENTAL SERVICES						
Unallocated:						
Increased cost of construction						
per Government Code, 16352 Section 10.5 ...	-	-	-	3,000	-	-
LOCAL ASSISTANCE						
Legislative, Judicial, and Executive Judicial:						
Contributions to Judges' Retirement Fund						
Section 75101, Government Code—Judges' Retire-						
ment Fund	5,072	5,072	5,408	5,408	5,706	5,706
EXECUTIVE/GOVERNOR						
Office of Emergency Services:						
Section 86103, Government Code	-	181	-	400	-	200
Natural Disaster Assistance:						
Government Code, Section 8690.4	-	-	-	10,100	-	8,000
Section 8686, Government Code, Chapter 290,						
Statutes of 1974	-	-12,379	-	-	-	-

Schedule 6

COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION OR OTHER STATUTES FOR THE FISCAL YEARS 1980-81, 1981-82, AND 1982-83—Continued

(In Thousands of Dollars)

Purpose and Legal Citation	Actual 1980-81		Estimated 1981-82		Estimated 1982-83	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
BUSINESS, TRANSPORTATION, AND HOUSING						
BUSINESS						
Department of Housing and Community Development	-	-	50	-	-	-
Chapter 1135, Statutes of 1981	-	-	-	50	-	-
TRANSPORTATION						
Special Transportation Programs:						
Section 9913.5, Public Utilities Code	-	-	-	-	-	74,488
Department of Transportation:						
Sections 21682, 21683, and 21684.6, Public Utilities Code	-	3,618	-	3,717	-	4,000
Section 2371, Streets and Highways Code	-	846	-	501	-	405
Section 21682, Public Utilities Code	-	900	-	875	-	925
RESOURCES						
Department of Boating and Waterways:						
Section 8352 (g), Revenue and Taxation Code, Transfer from MVFA	-	7,782	-	7,800	-	7,800
HEALTH AND WELFARE AGENCY						
Department of Health Services:						
Health and Safety Code, Section 16702	311,372	-	-	-	-	-
Department of Developmental Services:						
Section 38257, Health and Safety Code	-	371	-	-	-	-
Department of Social Services:						
Welfare and Institutions Code, Sec. 15200, Et Seq.	1,214,878	-	-	-	-	-
Welfare and Institutions Code, Sec. 16151 (Maternity Care)	2,112	-	-	-	-	-
EDUCATION						
K thru 12 Education:						
Department of Education (611-625):						
Section 54060, Education Code (Ch. 1329/80)	-	-	-	-	875	875
Department of Education—Headquarters:						
Ch. 466/78—Department of Education	-	2,866	-	-	-	-
Ch. 797/80—Special Education	619,493	-	-	-	-	-
Section 54053, Education Code—Funding for Economic Impact Aid	-	161,470	-	-	-	-
Section 54060, Education Code (Chapter 894/77)	63,372	63,372	-	-	-	-
Section 74, Chapter 894/77—Department of Education	-	2,374	-	-	-	-
Section 16130(b), Government Code	-	152,419	-	-	-	-
Section 54060, Education Code	-	63,372	-	-	-	-
Special Education, Ch. 797/80	-	619,493	-	-	-	-
School Facilities Aid Program:						
Ch. 899/80—Tidelands Oil Revenues School Facilities Aid	-	21,755	-	-	-	98,118
School Facilities Aid—Education Code, Section 17780	61,509	61,509	70,544	144,448	-	-
Debt Service—Public School Building Bonds:						
Education Code, Sections 15903, 16403, 16504, et al.	-	-	-	-	-	-
—Debt Service on Public School Building Bonds	-61,509	-61,509	-70,544	-70,544	-82,879	-82,879
Section 16080, Education Code	-	1,553	-	1,593	-	1,619
Higher Education:						
Board of Governors of California Community Colleges:						
Article 9, Section 6, Education Code:						
Section 14020 and Ch. 323/76	-	1,065,946	-	1,053,558	-	1,174,399
Section 12320(b), Education Code	-	2,633	-	2,633	-	2,633

Schedule 6

**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION
OR OTHER STATUTES FOR THE FISCAL YEARS 1980-81, 1981-82, AND 1982-83—Continued**
(In Thousands of Dollars)

Purpose and Legal Citation	Actual 1980-81		Estimated 1981-82		Estimated 1982-83	
	General Fund	Total	General Fund	Special funds	General Fund	Special funds
OTHER GOVERNMENTAL UNITS						
Regulatory:						
Department of Food and Agriculture:						
Business and Professions Code, Section 19614.....	-	-	-	-	-	-
Business and Professions Code, Section 19630—						
Permanent Improvement—Financial Assistance to Local Fairs.....	-	112	-	-	-	-
Business and Professions Code, Section 19630.3—						
Major and Deferred Maintenance—Financial Assistance to Fairs (Ch. 952/79).....	-	1,625	-	-	-	-
Carryover Section 224(2), Food and Agriculture Code.....	-	966	-	-	-	-
Chapter 952/79—Major and Deferred Maintenance, Financial Assistance to Fairs.....	-	646	-	-	-	-
Food and Agriculture Code, Section 12539, Food and Agriculture.....	-	20	-	32	-	32
Food and Agriculture Code, Section 12844, Department of Food and Agriculture.....	-	-	-	3,633	-	3,996
Food and Agriculture Code, Section 224(3), Food and Agriculture.....	-	2,337	-	2,622	-	2,641
Food and Agriculture Code, Section 4002—Financial Assistance to Local Fairs.....	-	170	-	-	-	-
Food and Agriculture Code, Section 12112, Department of Food and Agriculture.....	-	31	-	32	-	32
Section 19627.3, Business and Professions Code—Financial Assistance to Local Fairs.....	-	2,002	-	-	-	-
Section 19627, Business and Professions Code.....	-	6,460	-	-	-	-
Section 19630.1, Business and Professions Code—Financial Assistance to Local Fairs.....	-	260	-	-	-	-
Section 19630, Business and Professions Code—Financial Assistance to Local Fairs.....	-	2,491	-	-	-	-
Section 12844, Food and Agriculture Code.....	-	3,393	-	-	-	-
Section 19622(b)-(d), Business and Professions Code.....	-	625	-	-	-	-
Section 19626, Business and Professions Code—Citrus Fruit Fairs.....	-	150	-	-	-	-
Section 19627.2, Business and Professions Code.....	-	211	-	-	-	-
Section 19630, Business and Professions Code.....	-	2,507	-	-	-	-
Financial Assistance to Local Fairs:						
Business and Professions Code, Section 19622(b) —(Los Angeles County Fair) Financial Assistance to Local Fairs.....	-	-	-	250	-	250
Business and Professions Code, Section 19622(c) —(District 1-A Agriculture Association) Financial Assistance to Local Fairs.....	-	-	-	250	-	250
Business and Professions Code, Section 19622(d) —(District 48 Agriculture Association) Financial Assistance to Local Fairs.....	-	-	-	125	-	125
Business and Professions Code, Section 19626 (Citrus Fruit Fairs), Financial Assistance to Local Fairs.....	-	-	-	150	-	150
Business and Professions Code, Section 19627 (Encouragement of County and District Agricultural Association), Financial Assistance/Local Fair.....	-	-	-	6,460	-	6,460
Business and Professions Code, Section 19627.2, Financial Assistance to Local Fairs.....	-	-	-	589	-	225
Business and Professions Code, Section 19627.3, Financial Assistance/Local Fair (Perm. Improve Fairs Effective 1-1-80).....	-	-	-	2,073	-	2,000

Schedule 6

**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION
OR OTHER STATUTES FOR THE FISCAL YEARS 1980-81, 1981-82, AND 1982-83—Continued**
(In Thousands of Dollars)

Purpose and Legal Citation	Actual 1980-81		Estimated 1981-82		Estimated 1982-83	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Business and Professions Code, Section 19630 (Use of Unallocated Money (Eff. 1-1-80) (Financial Assistance/Local Fair))	-	-	-	5,371	-	6,777
Section 19630.1, Business and Professions Code—Financial Assistance in Fairs	-	-	-	5	-	-
Section 19630.3, Business and Professions Code—Major and Deferred Maintenance—Financial Assistance in Fairs (Ch. 952/79)	-	-	-	1,358	-	-
OTHER GOVERNMENTAL SERVICES						
Tax Relief:						
General Tax Relief:						
Personal Property Tax Relief:						
Government Code, Section 16100	1,781	-	-	-	-	-
Revenue Distributions:						
Shared Revenues:						
Apportionment Liquor License Fees:						
Section 25761, Business and Professions Code—Apportionment Highway Property Rental Receipts:	-	14,694	-	-	-	-
Streets and Highways Code, Section 104.10	-	-	-	7,200	-	2,000
Apportionment Off-Highway License Fees:	-	522	-	610	-	660
Vehicle Code, Sections 38230 and 38240	-	-	-	-	-	-
Apportionment Motor Vehicle License Fee:	-	-	-	-	-	-
Sections 11003.3 and 11005, Revenue and Taxation Code	-	692,326	-	534,000	-	290,000
Apportionment Cigarette Tax:	-	-	-	-	-	-
Section 30462(c), Revenue and Taxation Code	-	84,334	-	85,860	-	87,960
Apportionment Highway Carriers Unified Business Tax—Section 4306(b), Public Utilities Code	-	4,340	-	-	-	-
Apportionment Tideland Revenues:	-	-	-	-	-	-
Section 6817, Public Resources Code	392	-	425	-	450	-
Apportionment for County Roads:	-	-	-	-	-	-
Section 2104, Streets and Highways Code	-	168,489	-	167,530	-	206,200
Apportionment for City Streets:	-	-	-	-	-	-
Sections 2107 and 2107.5, Streets and Highways Code	-	74,834	-	73,800	-	132,250
Apportionment County Roads and City Streets:	-	-	-	-	-	-
Section 2106, Streets and Highways Code	-	107,951	-	106,690	-	105,740
Financial Aid to Local Agencies:	-	-	-	-	-	-
Revenue and Taxation Code, Section 26483, Shared Revenues	29,000	29,000	-	-	-	-
Apportionment of Geothermal Resources Development	-	994	-	7,932	-	960
TOTAL, STATUTORY AUTHORIZATIONS	\$2,565,825	\$3,416,256	\$2,540	\$2,383,519	\$64,287	\$2,358,909
Totals, State Operations	18,354	108,203	18,657	134,146	11,561	120,549
Totals, Capital Outlay	-	29,716	-	35,833	-	17,065
Totals, Local Assistance	2,247,471	3,296,691	5,883	2,232,197	-75,848	2,221,295
TOTAL, AUTHORIZED BY CONSTITUTION AND STATUTES	\$2,480,663	\$11,706,282	\$245,724	\$2,629,243	\$194,500	\$2,553,409
Totals, State Operations	228,835	318,684	237,343	352,832	270,348	390,897
Totals, Capital Outlay	-	29,716	-	35,833	-	17,065
Totals, Local Assistance	2,251,828	9,106,054	8,381	2,240,578	-75,848	2,145,447
TOTAL, BUDGET ACT AND OTHER AUTHORIZATIONS	\$18,624,189	\$12,660,194	\$21,793,119	\$1,041,757	\$23,008,361	\$24,120,901
Totals, State Operations	4,052,133	5,325,165	4,355,457	5,763,054	4,591,255	6,198,647
Totals, Capital Outlay	53,617	350,078	38,474	402,018	-	425,481
Totals, Local Assistance	14,518,439	6,931,334	17,399,188	16,631,530	18,317,106	17,396,773
Totals, Unallocated	-	-	-	-	100,000	100,000
TOTAL, ALL AUTHORIZATIONS	\$21,104,852	\$24,366,476	\$22,038,843	\$3,425,276	\$23,202,861	\$26,674,310

Schedule 7
STATEMENT OF BONDED DEBT OF THE STATE OF CALIFORNIA AS OF DECEMBER 31, 1981
GENERAL OBLIGATION BONDS

(This statement does not include bonds issued under authority of State instrumentalities
which are not general obligations of the State of California)

<i>Name of issue</i>	<i>Percent rate of interest</i>	<i>Maturity</i>	<i>Authorized *</i>	<i>Unsold *</i>	<i>Redemptions *</i>	<i>Outstanding *</i>
GENERAL FUND BONDS						
State Construction Program Bond Act of 1955	3.5-4.0	1959-1985	\$200,000	-	\$168,800	\$31,200
State Construction Program Bond Act of 1958	1-4.0	1962-1989	200,000	-	141,000	59,000
State Construction Program Bond Act of 1962 .....	.05-3.4	1964-1991	270,000	-	156,500	113,500
State Construction Program Bond Act of 1964	3.1-5.8	1967-1994	380,000	-	201,750	178,250
State Higher Education Construction Program Bond Act of 1966	3.5-6.5	1968-1993	230,000	-	124,090	105,910
Junior College Construction Program Bond Act of 1968	3.5-5.8	1970-1991	65,000	-	34,100	30,900
Health Science Facilities Bond Act of 1971	3.75-6.0	1974-1998	155,900	-	35,135	120,765
Community College Construction Program Bond Act of 1972	3.75-6.5	1974-1997	160,000	-	51,250	108,750
State Beach, Park, Recreational and Historical Facilities Bond Act of 1964	3.1-6.0	1967-1992	150,000	-	87,450	62,550
Recreation and Fish and Wildlife Enhancement Bond Act of 1974	4.3-11.0	1975-2001	250,000	\$20,000	42,750	187,250
California Clean Water Bond Act of 1970	4.0-6.5	1972-1995	60,000	-	23,500	36,500
California Clean Water Bond Act of 1974	3.5-6.5	1972-1997	250,000	10,000	88,000	152,000
California Clean Water and Water Conservation Bond Law of 1978	4.4-11.0	1978-2000	250,000	35,000	24,500	190,500
California Safe Drinking Water Bond Law of 1976	6.2-11.0	1981-2000	375,000	315,000	1,750	58,250
State Urban and Coastal Park Bond Act of 1976	5.25-9.0	1981-2012	175,000	125,000	230	49,770
Parklands Acquisition and Development Program Bond Act of 1980	4.2-11.0	1978-2001	280,000	90,000	19,250	170,750
Totals, General Fund Bonds	9.0-11.0	1982-1996	285,000	255,000	-	30,000
			\$3,735,900	\$850,000	\$1,200,055	\$1,665,845
PARTIALLY SELF-LIQUIDATING BONDS †						
State School Building Bond Act of 1952 .....	.25-3.25	1955-1990	\$185,000	-	\$175,000	\$10,000
State School Building Bond Act of 1954	3.25-3.5	1959-1984	100,000	-	89,200	10,800
State School Building Bond Act of 1957	1.0-3.5	1960-1985	100,000	-	83,200	16,800
State School Building Bond Act of 1958	3.5-4.0	1961-1987	220,000	-	165,200	54,800
State School Building Bond Act of 1960 .....	.1-3.75	1963-1990	300,000	-	199,400	100,600
State School Building Bond Act of 1962 .....	.05-3.4	1966-1991	200,000	-	112,400	87,600
State School Building Bond Act of 1964	3.0-5.0	1967-1994	260,000	-	122,300	137,700
State School Building Bond Act of 1966	3.25-6.5	1970-1992	275,000	-	151,300	123,700
State School Building Bond Act of 1972	4.2-6.0	1974-1997	350,000	-	100,000	250,000
State School Building Bond Act of 1974	4.5-9.0	1978-2001	150,000	\$40,000	14,500	95,500
Totals, Partially Self-liquidating Bonds			\$2,140,000	\$40,000	\$1,212,500	\$887,500

• Dollars in thousands

Schedule 7
STATEMENT OF BONDED DEBT OF THE STATE OF CALIFORNIA AS OF DECEMBER 31, 1981—Continued
GENERAL OBLIGATION BONDS

(This statement does not include bonds issued under authority of State instrumentalities which are not general obligations of the State of California)

<i>Name of issue</i>	<i>Percent rate of interest</i>	<i>Maturity</i>	<i>Authorized *</i>	<i>Unsold *</i>	<i>Redemptions *</i>	<i>Outstanding *</i>
SELF-LIQUIDATING BONDS ²						
HARBOR BONDS						
California Water Resources Development Bond Act of 1959 .....	.05-6.75	1973-2022	\$1,750,000	\$180,000	\$86,850	\$1,483,150
San Francisco Harbor Improvement Act of 1909 ³	4.0	1951-1985	\$9,000	-	\$8,558	\$442
San Francisco Harbor Improvement Act of 1913 ^{4,6}	4.0	1955-1989	9,450	-	8,400	1,050
San Francisco Harbor Improvement Act of 1929	1.5-3.25	1952-1983	10,000	-	9,920	80
India Basin Act of 1909 ^{5,6}	4.0	1941-1985	853	-	808	45
Harbor Development Bond Law of 1958 ⁷	1-5.5	1964-1998	60,000	-	35,605	24,395
Totals, Harbor Bonds			\$89,303	-	\$63,291	\$26,012
Veterans Farm and Home Building Bonds						
Veterans Bond Act of 1956	1-3.5	1958-1984	\$500,000	-	\$457,400	\$42,600
Veterans Bond Act of 1958	3.5-4.0	1961-1986	300,000	-	224,700	75,300
Veterans Bond Act of 1960 .....	.05-4.0	1962-1989	400,000	-	265,800	134,200
Veterans Bond Act of 1962	3.1-4.35	1966-1988	250,000	-	169,225	80,775
Veterans Bond Act of 1968	3.5-5.8	1971-1992	200,000	-	100,000	100,000
Veterans Bond Act of 1971	3.5-6.5	1973-2000	250,000	-	68,900	181,100
Veterans Bond Act of 1974	4.7-7.0	1975-2002	350,000	-	72,475	277,525
Veterans Bond Act of 1976	5-5.9	1979-2004	500,000	-	40,000	460,000
Veterans Bond Act of 1978	5.5-7.75	1980-2005	500,000	-	20,800	479,200
Veterans Bond Act of 1980	7-11.0	1981-2006	750,000	-	4,800	395,200
Totals, Veterans Farm and Home Building Bonds			\$4,000,000	\$350,000	\$1,424,100	\$2,225,900
Totals, Self-Liquidating Bonds			\$5,839,303	\$530,000	\$1,574,241	\$3,735,062
TOTALS, ALL GENERAL OBLIGATION BONDS			\$11,715,203	\$1,420,000	\$3,986,796	\$6,308,407

¹ The state school building issues debt service payments are partially refinanced with funds of the borrowing school districts over a 30- to 40-year repayment period as prescribed by statutes.

² The California Water Resource Development Bond Act, the San Francisco Harbor Improvement Acts, and the Veterans Bond Acts are public service enterprises which have their own revenues to finance their respective debt service expenditures.

³ Callable on and after July 1, 1951, by lot.

⁴ Callable on and after July 2, 1955, by lot.

⁵ Callable on and after January 1, 1941, by lot.

⁶ Chapter 70, Statutes of 1972, authorizes a reduction in the amount of bonds from \$1,000,000 to \$853,000, and also authorizes a reduction of the San Francisco Harbor Improvement Act of 1913 bonds from \$10,000,000 to \$9,450,000 to eliminate the unsold, unused bonds and thereby report unsold bonds as zero accountability.

⁷ The Harbor Development Bond Law of 1958 includes an authorization of \$50,000,000 for the development of small craft harbors as provided by Chapter 103, Statutes of 1958, First Extraordinary Session.

* Dollars in thousands



GLOSSARY

The following budgetary terms are used frequently throughout the Governor's Budget and the annual Budget (Appropriations) Bill. Definitions are provided for terminology which is common to all activities. For definitions of terms peculiar to a specific program area, please refer to the individual budget presentation of interest.

The definitions of other budget related terms may be found in the State Administrative Manual and in the annual Budget Bill.

Administration Program: An accounting for departmental central management costs. These include such costs as the Director's Office, Legal Office, Personnel Office, Accounting, and Business Services functions that generally serve the whole department. "Administration-distributed" represents those costs which are more properly distributed to the program activities of an agency as indirect costs.

Allocation: A distribution of funds, or an expenditure limit established for an organization unit.

Allotment: A part of an appropriation, to be expended for a particular purpose during a specified time period. An allotment is generally authorized on a line-item expenditure basis.

Appropriation: An authorization from a specific fund to a specific agency to make expenditures/incur obligations for a specified purpose and period of time. The Budget Act contains many appropriations, or items. These appropriation items are limited to one year, unless otherwise specified. Appropriations are made by the Legislature in the annual Budget Act and in other legislation. Continuing appropriations (which require no subsequent legislative action) are also provided by the California Constitution.

Appropriation Limits: As defined in Section 8 of Article XIII B of the California Constitution, enacted by the passage of Proposition 4 at the November 6, 1979 general election, the growth in the level of certain appropriations from tax proceeds are generally limited to the level of the prior year's appropriation limit as adjusted for changes in cost of living and population. Other adjustments may be made for such reasons as the transfer of services from one government entity to another. (See A Pages for General Government.)

Augmentation: An increase in an allotment. Section 27.00 of the Budget Act authorizes the increase in expenditures for a category or project by transfer from any other category or project within the same schedule. Section 28.00 authorizes the augmentation of scheduled amounts from other departments, and from the federal government to the extent such funds have not been taken into consideration in the appropriation schedules. Both control sections require the reporting of specified augmentations to the chairperson of the committee in each house which considers appropriations and to the Chairperson of the Joint Legislative Budget Committee.

Authorized Positions: Those ongoing positions approved in the final budget of the preceding year less positions abolished because of continued, extended vacancy. The detail of authorized positions by classification is published in the Salaries and Wages Supplement for each agency. Changes in authorized positions are listed following each agency's budget presentation in the Governor's Budget. (See Proposed New Positions.)

Balance Available: Amount available for appropriation or encumbrance. It is the excess of cash and near-cash assets of a fund over its liabilities and reserves; or commonly called surplus available for appropriation. It is also the unobligated balance of an appropriation which may be encumbered for the purposes of the specific appropriation.

Baseline Budget: A baseline budget reflects the anticipated costs of carrying out the current level of service or activities as authorized by the Legislature. It includes adjustments for cost increases, but does not include changes in level of service over that authorized by the Legislature.

Budget, Program/Traditional: A plan of operation for a specific period of time expressed in financial terms. A *program budget* expresses the operating plan in terms of the costs of activities to be undertaken to achieve specific goals and objectives.

A *traditional budget* expresses the plan in terms of the costs of the goods or services to be used to perform specific functions.

The Governor's Budget is primarily a program budget, however a summary of proposed expenditures for goods and services (Summary by Object) is included for each department, as well.

Budget Bill/Act: The Budget Bill is prepared by the Department of Finance and is submitted to the Legislature in January accompanying the Governor's Budget. The Budget Bill is the Governor's request for spending authorization for the subsequent fiscal year for on-going programs authorized by the Legislature. The Constitution requires the Legislature to pass the Budget Bill and send it by June 15 each year to the

Governor for signature. After signature by the Governor, the Budget Bill becomes the Budget Act. (See the Governor's Budget Introduction for a description of the process.)

Budget Change Proposal (BCP): A proposal to change the level of service or funding sources for activities authorized by the Legislature, or propose new program activities not currently authorized.

Budget Year (BY): The next fiscal year beginning July 1 and ending June 30 for which the Governor's Budget is submitted. The year following the current year (the year we are in now).

Capital Outlay: Expenditures which result in the acquisition of or addition to major fixed assets (e.g., land, buildings and equipment related to construction).

Carryover Appropriations: Appropriations with balances available for expenditure in years subsequent to the year of enactment.

Category: A grouping of related objects of expenditure (goods or services). Such groupings are primarily Personal Services, Operating Expenses and Equipment, and Special Items of Expense.

Category Transfer: Section 27 of the Budget Act provides that the Department of Finance is authorized to augment any category by transfer from any other category within the same appropriation item schedule. Augmentations of personal services and operating expenses and equipment categories generally cannot exceed, in the aggregate, 20 percent of the amount scheduled. Lower limits exist for support appropriations which exceed \$2,000,000. (See Category.)

Changes in Authorized Positions: A statement included in each budget presentation in the Governor's Budget which reflects personnel staffing changes made subsequent to the adoption of the current year budget (transfers, positions established and reclassifications). It also includes proposed new positions for the budget year.

Character of Expenditure: A classification of expenditures. (See State Operations, Local Assistance, or Capital Outlay.)

Codes, Uniform: A set of codes, to be used in all major fiscal systems of California State Government, which has been established to identify organizations, programs, funds, appropriation structures, receipts and line-item objects of expenditure. The Uniform Codes Manual, published by the Department of Finance, lists all such uniform codes. (See Section 1.50 of the Budget Act for an explanation of the codes used for Budget Act appropriation items.)

Continuing Appropriation: Amount, actual or estimated, available each year under a permanent constitutional or statutory expenditure authorization which is automatically renewed each year without further legislative action. The amount available may be a specific, recurring sum each year; all or a specified portion of the proceeds of specified revenues which have been dedicated permanently to a certain purpose; or it may be whatever amount is required for the purpose as determined by formula—such as school apportionments.

Control Sections, Budget Act: The Budget Act is divided into sections. Section 1. establishes a citation for the legislation. Section 1.50 provides a description of the format of the act. Section 2.00 contains the itemized appropriations for support of the State of California. Section 3.00 is not currently being used. Sections 4.00 through 36.00 are general sections, also referred to as control sections, which place additional restrictions on one or more of the itemized appropriations contained in Section 2.00.

Cost of Living Adjustments (COLA's), Statutory/Discretionary: Increases provided in state-funded programs which include periodic adjustments predetermined in state law (statutory), e.g., K-12 education apportionments; and adjustments which may be established at optional levels (discretionary) by the Legislature each year, e.g., Urban Impact Aid. (See the "A Pages" for a description of specific COLA's.)

Current Year (CY): The fiscal year beginning July 1 and ending June 30. The time period we are in now.

Encumbrance: A limitation or reserve placed on an appropriation to pay for goods or services which have been ordered by means of contracts, salary commitments, etc., but not yet received.

Expenditure: Generally, this term designates the amount of an appropriation used for goods and services ordered and received whether paid or unpaid, including expenses, provisions for debt retirement not reported as a liability of the fund from which retired, and capital outlays where the accounts are kept on an accrual basis or a modified accrual basis. Where the accounts are kept on a cash basis, the term designates only actual cash disbursements.

Federal funds: In state budget usage, this term describes all funds received directly from an agency of the federal government but not those received through another state department. State agencies must initially

1
2 deposit such federal funds in the Federal Trust Fund, a fund in the State Treasury.
3

4 Final Budget: The final budget is the Governor's Budget as amended by action taken on the Budget Bill. A
5 Final Change Book is published by the Department of Finance after enactment of the Budget Act to reflect
6 the changes made by the Legislature in their review of the Budget Bill and by the Governor by power of
7 item veto. It includes a detailed list of changes by item number with a cross reference to the page number
8 of the Governor's Budget.
9

10 Finance Letters: Proposals made by the Director of Finance to the chairpersons of the committees in each
11 house which consider appropriations to amend the Budget Bill and Governor's Budget from that submitted
12 January 10 to reflect a revised plan of expenditure for the Budget Year.
13

14 Fiscal Year (FY): A 12-month state accounting period which varies from the calendar year and the federal
15 fiscal year. In California state government, it lasts from July 1 through the following June 30. It is the period
16 during which obligations are incurred, encumbrances are made and appropriations are expended. The
17 Governor's Budget presents three years of detailed fiscal data for the past, current and budget years and
18 broad projections for two years beyond the Budget year.
19

20 The state fiscal year is often referenced by the first calendar year of the fiscal year, e.g., "'81" or "1981"
21 means the 1981-82 fiscal year. By contrast, the federal 1981-82 fiscal year is often referenced as "'82" or
22 "1982", and lasts from October 1 through September 30. (Calendar years are also used in the state for
23 economic, revenue and other program purposes, and are referenced as "1981" or "'81"; thus, it is often
24 difficult to determine whether a calendar, state fiscal or federal fiscal year is being referenced.)
25

26 Fund Balance: Excess of the assets of a fund over its liabilities and reserves. (See Balance Available, Reserve
27 for Economic Uncertainties and Surplus.)
28

29 Fund Condition Statement: A statement included in the Governor's Budget for each special fund, special
30 accounts in the General Fund, selected bond fund, and Governmental Cost fund to disclose the fund assets,
31 liabilities, reserves and surplus.
32

33 Funds: A legal entity that provides for the segregation of moneys or other resources in the State Treasury
34 for specific activities or obligations in accordance with specific restrictions, or limitations. A separate set
35 of accounts must be maintained for each fund to show its assets, liabilities, reserves, and surplus (fund
36 balance), as well as its income and expenditures. The assets of a fund may also be placed into separate
37 accounts to provide for limitations on specified fund income or expenditures. (See Governor's Budget, page
38 B-1 for a description of the types of funds in the State Treasury.)
39

40 Item: (See Appropriation.)
41

42 Limited-Term Positions: A limited-term position is any position which has been authorized for a specific
43 length of time with a set termination date. Limited-term positions may be authorized during the budget
44 enactment process or in transactions approved by the Department of Finance.
45

46 Line Item: (See Objects.)
47

48 Local Assistance: Expenditures made for the support of local government activities.
49

50 Local Mandates: (See state-mandated local program.)
51

52 Merit Salary Adjustment: A cost factor resulting from the periodic increase in salaries paid to personnel
53 occupying authorized positions. Personnel generally receive a salary adjustment of 5 percent per year to
54 recognize proficiency in the work performed up to the upper salary limit of the work classification.
55

56 Minor Capital Outlay: Minor Capital Outlay consists of construction projects or equipment acquired to
57 complete a construction project estimated to cost less than \$150,000.
58

59 Objects (line items): A subclassification of expenditures based on type of goods or services. For example,
60 the Personal Services Category includes the objects of Salaries and Wages and Staff Benefits. These may
61 be further subdivided into line items as State Employees' Retirement, Workers' Compensation, etc. Objects
62 do not reflect a function or purpose to be served by the expenditure. A Summary by Object is provided for
63 each department's budget in the Governor's Budget for State Operations and Local Assistance expenditures.
64 The Department of Finance publishes a Uniform Codes Manual which reflects the standard line-item objects
65 of expenditure.
66

67 Past Year: The fiscal year just completed. (See Fiscal Year.)
68

69 Obligations: An amount payable for goods or services ordered but for which payments have yet to be made.
70

71 Personnel Years: The actual or estimated portion of a position expended for the performance of work. For
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88

example, a full-time position which was filled by an employee for half of a year would result in an expenditure of 0.5 personnel years.

Positions: (See Authorized Positions.)

Programs: The activities of an organization grouped on the basis of common objectives. Programs are comprised of elements and those of components and those of tasks (the lowest defined program activity).

Proposed New Positions: A request for an authorization to expend funds for the employment of additional people for the performance of work. Proposed new positions may be for limited-time periods (limited term) and for full or less than full-time. Proposed new positions may be for an authorization sufficient to employ one person, or for a sum of funds (blanket) from which several people may be employed.

Reappropriation: The extension of the availability of an appropriation for expenditure beyond its set termination date and/or for a new purpose. Reappropriations are usually authorized by the Legislature for one year extensions at a time.

Receipts: Describes an increase in the assets of a fund including revenues as well as transfers from other funds, federal receipts and fund reimbursements.

Reconciliation With Appropriations: A statement in each budget presentation which sets forth the source and amount of appropriations, by fund, available to the department and the disposition of such appropriated funds. A statement is presented for each character of expenditure, i.e., State Operations, Local Assistance and Capital Outlay.

Reimbursements: Amount received as a repayment of the cost of work or service performed or of other expenditures made for or on behalf of another governmental unit or department. Reimbursements represent the recovery of an expenditure. Reimbursements are available for expenditure in accordance with the budgeted amount (scheduled in an appropriation).

Reserve for Economic Uncertainties: Sections 12.30 and 12.35 of the Budget Bill provide for the establishment of a reserve of funds in the General Fund and in each special fund to provide for emergency situations. The appropriation of such funds from the reserves are not subject to the appropriation limits imposed on other appropriations. (See Appropriation Limits.)

Reserves: An amount set aside in a fund to provide for expenditures from the unencumbered balances of continuing appropriations, economic uncertainties, future apportionments, for pending salary or price increase appropriations, and appropriation for capital outlay projects.

Revenue: The addition to cash or other current assets of governmental funds (receipts) which do not increase any liability or reserve and do not represent the recovery of an expenditure, i.e., reimbursements. Generally, revenue is derived from taxes, licenses, and fees or investment earnings.

Reversion: The return of the unused portion of an appropriation to the fund from which the appropriation was made. The undisbursed portion of an appropriation reverts two years after the last day of availability for encumbrance. The Budget Act often provides for the reversion of unused portions of appropriations when such reversion is to be made prior to the statutory limit.

Salary Savings: Salary savings reflect personnel cost savings resulting from vacancies and downward reclassifications as a result of turnover of employees. The amount of budgeted salary savings is an estimate generally based on past year experience.

Staff Benefits: The staff benefits object represents the state costs of contributions for employees' retirement, OASDI, health and welfare benefits, workers' compensation, unemployment insurance, industrial disability leave benefits, and nonindustrial disability leave benefits.

State-Mandated Local Program: State reimbursements to local governments for the cost of activities required by legislative and executive acts. This requirement was established by Chapter 1406, Statutes of 1972 (SB 90) and further ratified by the adoption of Proposition 4 (a constitutional amendment) at the November 6, 1979 general election. (See Governor's Budget: 968 State-Mandated Local Programs.)

State Operations: Expenditures for the support of state government, exclusive of capital investments and expenditures for local government activities.

Summary by Object: A summary of actual past year and estimated current and budget year expenditures for goods and services for each organization presented for State Operations and Local Assistance expenditures.

Summary of Program Requirements: At the front of each departmental budget is a Summary of Program Requirements. It presents the various departmental programs by title, dollar totals and source of funds for

1
2 the past, current and budget years.
3

4 Summary Schedules: The "B Pages" of the Governor's Budget include schedules which summarize state
5 revenues and expenditures for the past, current and budget years. (See B Pages.)
6
7

8 Surplus: A surplus is the amount that exceeds liabilities and reserves. This term is no longer favored although
9 still used in many fiscal presentations. (See Fund Balance.)
10

11 Tax Expenditures: Subsidies provided through the taxation systems. (See A Pages.)
12

13 Transfers: As reflected in fund condition statements, reflects the movement of resources from one fund to
14 another based on statutory authorization or specific legislative transfer appropriation authority.
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88

